Vol. 1, No. 3
September 1992

# Intellectual AMMUNITION

*On State and Local Issues*

## Potshots

■ "Everybody wants to go to heaven, but nobody wants to die." — **Joe Louis**

■ "I succeeded by saying what everyone else is thinking." — **Joan Rivers**

■ "Everything is funny as long as it's happening to somebody else." — **Will Rogers**

■ "If at first you don't succeed, try again. Then quit. No use being a damn fool about it." — **W.C. Fields**

■ "The higher you climb the flagpole, the more people see your rear end." — **Don Meredith**

■ "The perils of duck hunting are great . . . especially for the duck." — **Walter Cronkite**

■ "Middle age is when your age starts to show around your middle." — **Bob Hope**

■ "Never put your money in anything that eats or needs repainting." — **Billy Rose**

■ "An artist is the only thing you can say you are and nobody can say you ain't."— **Will Rogers**

■ "The problem with depending on government is, you can't depend on it." — **Tony Brown**

■ "Retirement at 65 is ridiculous. When I was 65, I still had pimples." — **George Burns**

# Five Myths About The Environment

State policy makers are under constant pressure to enact legislation to "save" the environment. But laws based on false assumptions and misconceptions do more harm to the environment than good. Here are five common myths about protecting the environment.

**❶ Running out of landfill space?** In most parts of the country, potential landfill space is abundant. All of the garbage Americans will produce for the next 1,000 years, piled 120 feet high, would fill an area less than one-tenth of one percent of the surface area of the continental U.S. The fact that more than half of today's landfills will be closed within five years is no cause for alarm: most are *designed* to last about 10 to 20 years. Because new landfills are about four times as large as the old ones, it is unlikely there will be a net loss of available landfill space.

**❷ Packaging is bad?** Packaging serves several useful functions: providing information to consumers, protecting the product from air or moisture, and making mechanical processing and shipping easier. Food packaging *reduces* waste by reducing spoilage: for every 1 percent increase in packaging, there is a 1.6 percent decrease in food waste. Food packaging also reduces energy consumption and use of other resources by making centralized production and long-distance shipping possible. Plastic — the packaging material most often targeted by critics — accounts for only 8 percent of municipal solid waste.

**❸ Recycling is always good?** Sometimes, recycling produces adverse environmental consequences that offset the gains. Curbside garbage recycling programs often require more collection trucks, trips to recycling facilities, and transfers to trucks or rail cars. Each step involves energy use and air pollution that would not occur if the waste were landfilled. An extensive amount of *voluntary* recycling already takes place because for some goods — aluminum, iron and steel, and rubber, for example — revenues generated exceed the economic cost of recycling. Calls for mandatory recycling would require the consumption of more energy,

*(Continued on Page 2)*

## In This Issue


| | | | |
|---|---|---|---|
| ■ Homelessness | 3 | ■ Privatization | 12 |
| ■ Organizations | 4 | ■ Taxes | 13 |
| ■ Education | 7 | ■ Welfare | 14 |
| ■ Environment | 9 | ■ New Research | 15 |
| ■ Families | 10 | ■ Contacts | 29 |
| ■ Health Care | 11 | ■ Fax Ballot | 32 |




LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Intellectual
AMMUNITION

**Editor**
Diane Carol Bast

**Assistant Editor**
Mark J. Greenfield

**Contributing Editors**
**Education** • Thomas Hetland
**Environment** • Kent Jeffreys
**Family** • Bryce J. Christensen
**Health Care** • Joseph L. Bast
**Organizations** • Willa Johnson
**Privatization** • Robert W. Poole, Jr.
**Taxes** • William Ahern
**Welfare** • Robert Rector

**Board of Directors:** Bernard Baltic, Joseph Bast, Franklin M. Buchta, Robert S. Jackson, James L. Johnston, James R. Kipp, David L. Littmann, Everett H. Moffat, J. Donald Moffat, James K. Murphy, David H. Padden, Frank Resnik, Mike A. Roberts, Richard Vedder.

**Advertising Sales: Chicago**, Alejandro Bertuol, 5326 North Winthrop, Chicago, IL 60640, 312/334-6623; **Milwaukee**, Kirby Brant, 924 E. Juneau Ave. #222, Milwaukee, WI 53202; 414/347-1807; **Kansas City**, Bradley J. Furnish, 15 W. 10th Street #500, Kansas City, MO 64105; 816/471-8152; **St. Louis**, Emmett McAuliffe, 2458 Old Dorsett Road #230, St. Louis, MO 63043; 314/344-1100; **Detroit**, Thomas Shull, 645 Griswold #2525, Detroit, MI 48226-4202; 313/961-1950; **Cleveland**, Peter Thusat, 14805 Detroit Ave., Cleveland, OH 44107; 216/221-1233.

**Publisher**
Joseph L. Bast
**The Heartland Institute**
634 South Wabash Avenue
Second Floor
Chicago, IL 60605
312/427-3060
(fax) 312/427-4642

**Business advisors:** John G. B. Howland, Venture Catalysts, Inc.; Don L. Foote, First National Acceptance Company

*Intellectual Ammunition* is published by The Heartland Institute, a nonprofit, nonpartisan research and educational organization with offices in five Midwestern states. The Heartland Institute conducts and disseminates research on state and local public policy issues.

Nothing in *Intellectual Ammunition* should be construed as necessarily reflecting the views of The Heartland Institute or as an attempt to aid or hinder the passage of any legislation.

All contents Copyright © 1992 The Heartland Institute; permission is granted to copy individual articles for free distribution and classroom use.

THE HEARTLAND INSTITUTE

capital, and other scarce resources than would be consumed if waste were simply landfilled.

**❹ Biodegradable products are good?** Most modern landfills (about one-third of all landfills) are sealed, thus inhibiting biodegradation of anything. In such cases, a bulkier and heavier biodegradable product is less friendly to the environment than a lighter, plastic item. In landfills not sealed, items that don't biodegrade also do not break down and release chemicals into the soil. By contrast, products that do biodegrade can threaten the environment if they are disposed of improperly. Biodegradation can leach chemicals into water supplies and endanger fish, wildlife, and humans.

**❺ Incineration is unhealthy?** Even without further advances in technology, waste-to-energy incineration is unlikely to endanger humans. If 100 percent of U.S. solid waste were incinerated, the air emissions would comprise less than one-half of one percent of all combined emissions in the U.S. Carbon dioxide emissions would amount to only 2 percent of the carbon dioxide generated from the combustion of all other fossil fuels. Modern technology has ensured that properly maintained incinerators pose insignificant threats to the health of nearby residents.

# # #

*Based on* "A Consumer's Guide to Environmental Myths and Realities," *by Lynn Scarlett, September 1991 ($10 from National Center for Policy Analysis, 12655 North Central Expressway, Suite 720, Dallas, TX 75243).*

## Publisher's Note

Welcome to the third issue of *Intellectual Ammunition*, a new magazine for state legislators and people interested in state public policy. If this is your first issue, you may wish to know the following:

■ *IA* is published by The Heartland Institute, an independent, nonprofit, and nonpartisan center for public policy research. Heartland was founded in 1984 and operates offices in six Midwestern cities.

■ *IA*'s mission is to bring to the attention of state legislators the best available research on the entire range of public policy issues they are called upon to address.

■ We side with taxpayers, not tax spenders. We are interested in ways to reduce the cost of state government, not ways to persuade reluctant taxpayers to hand over more of their hard-earned money.

■ We are funded by the contributions of approximately 800 donors from around the country, and by the paid advertising that appears on these pages.

This issue of *IA* is the first to go to all 8,000 governors, state legislators, and state constitutional officers in the U.S. Previous issues were distributed to legislators in the five Midwest states that host Heartland offices.

This is also the first issue of *IA* to carry paid advertising. Producing a monthly magazine is an expensive endeavor, and we are grateful to the businesses that appear on our pages for their support. Please read their messages!

While governors, legislators, and constitutional officers will receive complimentary issues of *IA*, everyone else must either subscribe (at $49/year) or become a member of The Heartland Institute.

Heartland Members receive invitations to special events, quarterly performance reports, discounts on publications, and other benefits too numerous to list here. So if you "borrowed" this magazine from someone else and think you might want to receive future issues, use the subscription card or complete the membership form in this issue.

J. D. Bast

Joseph L. Bast
Publisher

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# For Your Newsletter

# The Welfare - Homeless Link

By Sister Connie Driscoll, MSP

Never before in the history of our country have so many people been homeless and hungry. Forget for a moment the disparity in estimates: 400,000 homeless according to the federal government, 2 million according to the National Coalition for the Homeless. The real question is *why* there are so many men, women, and children with no place to call home.

Many reasons have been given for this national tragedy: a lack of affordable housing, inability to find work, substance abuse, mental patient release programs, domestic violence, and the "failure" of the welfare system to provide enough money to maintain a family's standard of living. But think of this last reason for just a moment. It's a "reason" that turns the whole notion of welfare on its head.

Over the past 40 years, we have created the most immoral system ever imposed on a society. We have created a system that makes it enormously difficult to escape poverty. **Welfare is a dead end.** We have taken away individual responsibility and slaughtered the work ethic, by giving every woman on welfare a reward for having more children. And we have given the fathers of those children a free ride by making the state and federal government — that is, the taxpayers — responsible for child support.

How can we continue to encourage capable adults to abdicate their responsibilities for providing for themselves and their children? This is precisely what "fake welfare" — the system we have today — does. Recipients of fake welfare wait every month for their checks and use them, as likely as not, for purposes other than those intended.

Over the past 40 years, we have created the most immoral system ever imposed on society, one that makes it enormously difficult to escape poverty.

*Real* welfare is for people in a bind for legitimate reasons: the unexpected death or disability of a family's bread-winner; the fire, flood, or other disaster that leaves a family homeless. The victims of such circumstances need temporary help for immediate survival. Real welfare is not for the woman who has been on welfare all her life, has six children by three different fathers, and believes it is *your* responsibility to take care of her and the kids.

*A system that creates apathy, despair, and dependence among those it claims to help is immoral.* Hand-outs and give-aways without responsibility and accountability have become a major cause for concern among many of us who work in the poverty-stricken communities of Chicago and other cities.

Do we as a community have an obligation to care for the poor? To shelter and feed them? To educate them? I think we do. But we also have an obligation to encourage self-sufficiency among the disadvantaged, to empower them to take charge of their own lives. Today's fake welfare system has just the opposite effect, and it simply is not acceptable.

It's time we make welfare less attractive as a long-term lifestyle. We should stop paying bonuses to welfare recipients who continue to bear children while on public aid. We should place a time limit on how long benefits can be received, and we should insist that benefit recipients become educated and employment-ready. And we should demand accountability from the grant recipient — evidence that the benefits are being used for the purpose they were intended.

How do we stem the tide of homelessness, poverty, and welfare dependency in our communities? How do we empower those whose spirits have been crippled — in some cases for generations — by their reliance on the tax dollars of others?

The answers will not come quickly or easily. *But I believe that as we are challenged, so must we challenge others.*

If we have enough brain power to place people into outer space, then surely we have enough brain power to empower people to take charge of their own lives.

# # #

*Sister Connie Driscoll, M.S.P., is President of St. Martin de Porres House of Hope, a transitional shelter for homeless women and their children.*

© 1992 The Heartland Institute

***Permission is hereby granted to reprint this article***

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Organizations

# A Thousand *Slaves* of Light

On July 29, Maryland became the first state in the U.S. to mandate community service as a requirement for high school graduation. While the issue is of special concern to Marylanders, it clearly has broader implications for the nation.

In the face of opposition from the Maryland State Teachers Association, Maryland Association of Boards of Education, Maryland Congress of Parents and Teachers, and the Maryland Association of Student Councils, the State Board of Education nevertheless voted to require either 75 hours of community service or compliance with a plan to be drafted by each district.

"To make a contribution to the community and learning from that contribution helps one to become a lifelong learner. I can't think of a better example of character development than the lesson that what we take from the community, we give back to the community," said state School Superintendent Nancy Grasmick.

However, it is not the notion of community service but its mandatory nature that rankles many of the resolution's opponents — which included 22 of the state's 24 school districts. "It is outrageous," says Maryland State Teachers Association President Jane Stern. "A lot of our children are black, the descendants of slaves who got their freedom. What are the parents going to say when they realize the state is forcing them into servitude?" She says the requirement is unconstitutional — a forced imposition of values and a violation of the 13th Amendment. Dan Popeo, Director of the Washington Legal Foundation, agrees: "This will be court-tested and I do not believe it will survive. From the involuntary servitude standpoint there are serious constitutional questions."

The requirement also raises a number of other concerns. Edwina Green, president of the Maryland Congress of Parents and Teachers, says the rule will be an imposition on working-class students who have jobs, students who are trying to get academic or sports scholarships to college, and those who live in rural areas where a scarcity of volunteer opportunities may exist.

**Maryland's new mandatory community service law raises serious moral, constitutional, and practical questions.**

Green also envisions problems from a reluctant student body: "We have kids out there now who are just barely graduating. This is going to give them another excuse to drop out because they think this requirement is hard to meet. I'm no different than those kids. I've been volunteering for 20 years and the day you tell me I *have* to be PTA President is the day I'm gone."

Costs for the program have been estimated at up to $35 million. The state's own economic impact statement puts the cost at $5.5 million, but Governor William Donald Schaefer's spokesman acknowledges that estimate is probably low. Whatever the final cost, the Governor's office says the financially strapped school districts must come up with this money themselves; no state money is available. Maryland has received a $2.8 million federal grant, but the money will be used to establish a bureaucracy to administer the program, not to fund chores so mundane as getting students to their "volunteer" assignments.

The new program has its origins in the political maneuverings of a powerful triumvirate: David Hornbeck (former State Superintendent of Schools), School Board President Robert Embry, and Kathleen Kennedy-Townsend, daughter of the late Robert F. Kennedy. Townsend was hired by Hornbeck in 1986 to advance the "student service" concept, her work funded by a $100,000 grant from the Abell Foundation, headed by Embry. Townsend currently heads the Maryland State Service Alliance; the Abell Foundation, which pours millions of dollars into Maryland's educational system each year, wields considerable influence as well.

Mrs. Townsend's new-age rhetoric rises above matters so mundane as constitutionality and funding. "There are two strands of education," she said. "Increasingly, the individual will work with technology, a computer, but there is also socialization, action learning, which can be done through volunteer service. Opposition to this comes from those steeped in an educational model that is irrelevant."

Unfortunately, the road to serfdom was paved with no less noble intentions.

**Capital Research Center**

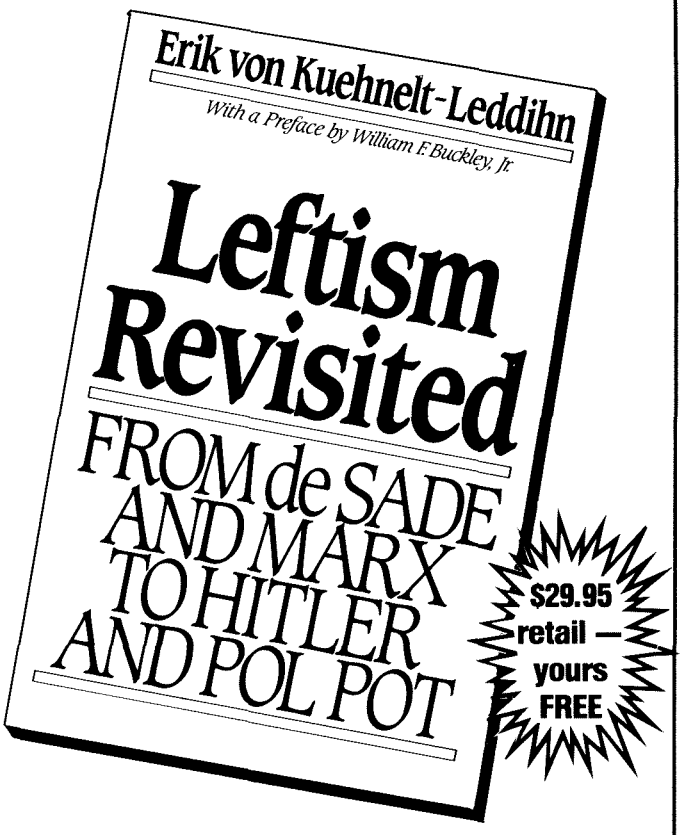
Information on this page was provided by Jill Cunningham, a research associate with the Capital Research Center. For more information, contact the Capital Research Center, 1612 K Street NW, Suite 704, Washington, DC 20006, phone 202/822-8666, fax 202/785-5634.

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# Landmark study of liberalism

***Where it comes from. The many faces it wears. And why it is still the menace***


Erik von Kuehnelt-Leddihn
With a Preface by William F. Buckley, Jr.
Leftism Revisited
FROM de SADE AND MARX TO HITLER AND POL POT
$29.95 retail — yours FREE

"Communism isn't the enemy," observed Malcolm Muggeridge. "Liberalism is the enemy."

When Muggeridge said that, Communism was riding high. Now Communism is in crisis, while liberalism continues to choke religion and civilization. Muggeridge saw the heart of the problem. Communism was an external threat; liberalism not only corrupts from within, but also masquerades as something good.

Erik von Kuehnelt-Leddihn is of the same mind. He sets his sights on the Left *in all its manifestations*. He's been doing that for 60 years. The range of his reading, his travel, his vision carries him across the globe, and across the centuries. The world is truly his oyster.

> **And now, the new book that William Buckley rightly calls "his masterpiece." Adds conservative columnist Joseph Sobran: "I despair of doing justice to the book's wealth of oddly enlightening fact, the harvest of long experience, reading, and travel."**

Precisely. Kuehnelt-Leddihn's view of the Left, in all its guises, is at once so particular and detailed, and at the same time so sweeping, that reading him is a unique experience, mind-opening. Max Eastman captured the feeling perfectly after reading one of his earlier books: "Amazing! Reading it is like going to college and graduate school all over again."

Except that college was never so exhilarating. What textbook, what professor gives you insights like these, *page after fascinating page*?

- Totalitarianism and benign liberalism: where they join hands
- "Equal in the eyes of God": why this notion is a heresy. Are "equality before the law" and "equality of opportunity" possible — or desirable?
- Democracy and totalitarianism: why they are not mutually exclusive
- The Communist Manifesto: 10 points that are now part of our thinking
- Aristotle and the scholastics: three good and three bad forms of government
- America's most left-wing presidents, and the damage they wrought — worldwide
- The socialist origins of fascism. What *is* socialism? Fascism?

Erik von Kuehnelt-Leddihn belongs on the short list of major conservative thinkers of our century. And he stands alone as the most interesting, the most challenging.

## *How to get this $29.95 giant FREE*

### How the Club Works

Every 4 weeks (13 times a year) you get a free copy of the Club Bulletin which offers you the Featured Selection plus a good choice of Alternates — all of interest to conservatives. ★ If you want the Featured Selection, do nothing; it will come automatically. ★ If you don't want the Featured Selection, or you do want an Alternate, indicate your wishes on the handy card enclosed with your Bulletin and return it by the deadline date. ★ The majority of Club books will be offered at 20-50% discounts, plus a charge for shipping and handling. ★ As soon as you buy and pay for 3 books at regular Club prices, your membership may be ended at any time, either by you or by the Club. ★ If you ever receive a Featured Selection without having had 10 days to decide if you want it, you may return it at Club expense for full credit. ★ Good service. No computers! ★ The Club will offer regular Superbargains, mostly at 70-90% discounts plus shipping and handling. Superbargains do NOT count toward fulfilling your Club obligation, but do enable you to buy fine books at giveaway prices. ★ Only one membership per household.

**CONSERVATIVE BOOK CLUB**

**15 OAKLAND AVENUE • HARRISON, N.Y. 10528**

Please accept my membership in the Club and send FREE my copy of Erik von Kuehnelt-Leddihn's $29.95 masterpiece, *Leftism Revisited*. I agree to buy 3 additional books at regular Club prices over the next 18 months. I also agree to the Club rules spelled out in this coupon. IA-1

Name _____

Address _____

City _____ State _____ Zip _____

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# "THE SYSTEM SAID OVERCROWDED PRISONS WERE 'CRUEL AND UNUSUAL' — SO IT PUT AN 11-TIME CAREER CRIMINAL BACK ON THE STREETS.

# SIX WEEKS LATER, HE MURDERED MY HUSBAND."

Carl Wayne Buntion had 11 felony convictions and nine prison terms when, for the sixth time, he was paroled from a Texas prison. Then on June 27, 1990, while my husband, Officer Jim Irby, wrote a traffic ticket, Buntion sprang from the car and shot him pointblank. Then he shot him twice more in the back.

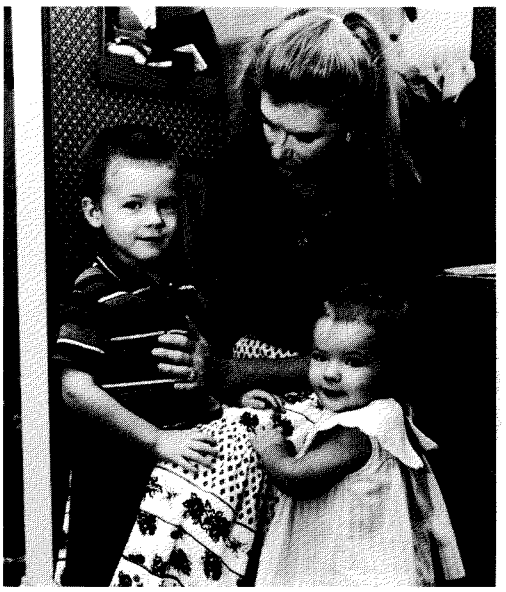
Could this tragedy have been prevented?

Buntion had served only a *year* of his 15-year sentence for sexually assaulting a child when the system set him loose. He *should* have been in prison. Instead, he was free to murder my husband — and whomever else he chose.

Even though two of three released convicts will be re-arrested within three years, the courts have ordered 38 states to early-release tens of thousands — many of them hard-core killers like Carl Buntion.

Buntion never showed up at the halfway house like he was supposed to. Yet no one checked up on him until he killed my husband. A year after Jim's murder, 5,550 *other* parolees had failed to report to their halfway houses *in Harris County alone.*

***Maura Irby**, widow of slain Houston policeman Jim Irby, and their two children.*



For me, my two children, and far too many other victims of violent repeat criminals, that's a punishment far more cruel than unusual.

That's why I formed the Irby Foundation — to shine a light on our failed justice system.

THE U.S. JUSTICE DEPARTMENT CALCULATED THAT THE PRICE SOCIETY PAYS FOR RELEASING REPEAT OFFENDERS IS *17 TIMES HIGHER* THAN THE ANNUAL $25,000-PER-PRISONER COST OF INCARCERATION.

IF YOU'D LIKE TO HELP THE IRBY FOUNDATION, WRITE TO:
6420 RICHMOND
SUITE 675
HOUSTON, TEXAS 77057

IF YOU WANT MORE OF THE FACTS WE'VE UNCOVERED EXPLORING THE GAPS IN AMERICA'S JUSTICE SYSTEM, WRITE TO US AT:

INSTITUTE FOR
LEGISLATIVE ACTION
NATIONAL RIFLE
ASSOCIATION
1600 RHODE ISLAND
AVENUE, N.W.
WASHINGTON, D.C. 20036

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

**Focus on:**

# EDUCATION

## More Money Does Not Mean Better Scores

| Overall National Ranking of States by Annual Education Spending per Pupil | | | State Ranking by Test Scores | | Overall National Ranking of States by Annual Education Spending per Pupil | | | State Ranking by Test Scores | |
|---|---|---|---|---|---|---|---|---|---|
| | | | SAT | NAEP | | | | SAT | NAEP |
| 1 | New Jersey | $7,795 | 39 | 12 | 27 | Kansas | $4,491 | 4 | ✘ |
| 2 | New York | $7,647 | 42 | 20* | 28 | Nebraska | $4,385 | 6 | 4* |
| 3 | District of Columbia | $7,550 | 50 | 38 | 29 | West Virginia | $4,365 | 26 | 28* |
| 4 | Alaska | $7,226 | 29 | ✘ | 30 | Colorado | $4,352 | 23 | 13* |
| 5 | Connecticut | $7,016 | 33 | 11 | 31 | Iowa | $4,344 | 1 | 3 |
| 6 | Rhode Island | $6,395 | 43 | 22* | 32 | North Carolina | $4,300 | 48* | 36 |
| 7 | Pennsylvania | $5,924 | 45 | 15 | 33 | North Dakota | $4,294 | 2 | 1 |
| 8 | Massachusetts | $5,894 | 35 | ✘ | 34 | Missouri | $4,272 | 12 | 2 |
| 9 | Vermont | $5,685 | 37* | ✘ | 35 | Hawaii | $4,204 | 40 | 35 |
| 10 | Maryland | $5,679 | 32 | 22* | 36 | Nevada | $4,078 | 30 | ✘ |
| 11 | Delaware | $5,647 | 36 | 20* | 37 | Arizona | $4,051 | 25 | 25 |
| 12 | Wisconsin | $5,475 | 7* | 6 | 38 | Texas | $4,020 | 46 | 26* |
| 13 | Wyoming | $5,296 | 20* | 8* | 39 | Georgia | $3,974 | 48* | 26* |
| 14 | Michigan | $5,269 | 20* | 16* | 40 | South Carolina | $3,834 | 51 | ✘ |
| 15 | Maine | $5,204 | 44 | ✘ | 41 | New Mexico | $3,759 | 15 | 28* |
| 16 | Oregon | $5,159 | 27 | 10 | 42 | Tennessee | $3,707 | 9 | ✘ |
| 17 | New Hampshire | $5,047 | 28 | 7 | 43 | South Dakota | $3,704 | 3 | ✘ |
| 18 | Illinois | $4,915 | 10 | 22* | 44 | Kentucky | $3,668 | 17 | 28* |
| 19 | Florida | $4,910 | 41 | 33 | 45 | Louisiana | $3,593 | 16 | 37 |
| 20 | Minnesota | $4,865 | 7* | 4* | 46 | Oklahoma | $3,533 | 13* | 19 |
| 21 | Virginia | $4,840 | 37* | 16* | 47 | Alabama | $3,383 | 18 | 34 |
| 22 | Washington | $4,724 | 31 | ✘ | 48 | Arkansas | $3,276 | 11 | 28* |
| 23 | Montana | $4,702 | 19 | 2 | 49 | Indiana | $3,038 | 22 | 8* |
| 24 | California | $4,670 | 34 | 28* | 50 | Mississippi | $2,947 | 13* | ✘ |
| 25 | Ohio | $4,563 | 24 | 16* | 51 | Utah | $2,629 | 5 | ✘ |
| 26 | Indiana | $4,524 | 47 | 13* | Average U.S. Spending | | $4,761 | | |

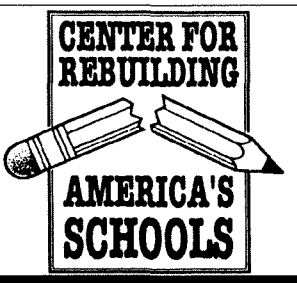
* = Indicates a tie score. ✘= Did not participate in NAEP study.

While many teachers and school administrators blame the shortcomings of American public education on scarcity of resources, statistics actually show no positive correlation between spending and student achievement.

The table above compares per-student spending in each state with the state's ranking according to 1991 SAT and 1990 8th grade NAEP math scores. Many states with consistently high test scores (Iowa, North and South Dakota, and Missouri) have below-average per-pupil spending. The highest spending states have among the lowest test scores. For example, the District of Columbia, which ranked 3rd in spending, ranked 50th on SAT scores.

Part of the problem, according to several studies, is that much of the money spent on education never reaches the classroom. In Virginia, for example, 52 cents of every education dollar goes to administration and other non-instructional expenses. The situation is similar in Georgia, where such expenses have increased by 264 percent since 1980.

Special thanks to **Allyson Tucker** and **Angela Hulsey** of **The Heritage Foundation** for permission to reprint this article from their *Business / Education Insider*, May 1992.




Thomas Hetland, FSC is the Executive Director of the Center for Rebuilding America's Schools. He is a member of the Christian Brothers and was for twenty years a high school teacher and administrator. For more information, contact Thomas Hetland, the Center for Rebuilding America's Schools, 634 South Wabash, Second Floor, Chicago, Illinois, 60605, phone 312/427-3156, fax 312/427-4642.

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

**The Heartland Institute presents**

# Remaking Local Government

## A Privatization Conference for Government Officials

## Detroit

## Wednesday, October 7

County and municipal governments receive state subsidies for an array of services — transportation, roads, cultural activities, convention centers, and more. In an era of tax walls and tight budgets, privatization in local government can help provide better services, lower costs, extra dollars, and fewer subsidies. The conference will explore both the theory and the "nuts and bolts" of load shedding, competitive contracting, sale of assets, and other privatization options.

**Meet with some of the country's leading privatization experts:**

**Wendell Cox**
Wendell Cox Consultancy, mass transit consultant and competitive contracting expert

**Robert J. Daddow, CPA**
Vice President, Gordon & Company, PC, and privatization consultant

**Steve Fishman**
Senior Partner, Fishman Group, specialist in labor and liability in privatization

**Michael L. Mills**
President of the Michigan Privatization Council

**Robert W. Poole, Jr.**
President of the Reason Foundation and municipal privatization consultant

**Louis H. Schimmel, Jr.**
Director of the Municipal Advisory Council and former receiver for Ecorse, Michigan

**Charles D. Van Eaton**
Professor of Economics, Hillsdale College, Michigan privatization expert

**and**

Exhibits by private contractors who supply public services throughout Michigan

**Wednesday, October 7, 1992**
9:00 a.m. to 5.00 p.m. (lunch included)
**The Ball Room**
**at the Hotel St. Regis**
3071 West Grand Boulevard
Detroit, Michigan
**Registration fee: $75.00**

For reservations, contact Thomas Shull
The Heartland Institute, 313/961-1950
645 Griswold, Suite 2525
Detroit, MI 48226-4202

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Focus on:

# ENVIRONMENT

## Green Advertising

The Federal Trade Commission has issued voluntary guidelines for defining such terms as "recyclable" and "biodegradable." Eleven state attorneys general, along with several manufacturers, had requested the ruling.

Major environmental lobbying groups argue that the new guidelines should be toughened and made mandatory. For example, a spokesman for the Environmental Defense Fund complained that the guidelines allow companies to "make a recyclable claim on products even if just 1 percent of the product is actually recycled." These groups assert that government should set minimum recycling percentages and require manufacturers to establish collection and recycling programs for their products.

The sad fact remains, however, that mandated recycling is often a money-losing proposition that does nothing to improve environmental conditions. Furthermore, many municipalities that invested in waste-to-energy facilities now find much of the best fuel (newsprint and plastic) being removed from the waste stream. Biodegradability may lessen the impact of litterbugs, but it is not a panacea for pollution. Voluntary guidelines easily satisfy any legitimate federal role in this arena.

The guidelines may be obtained from the FTC Office of Public Affairs, 6th Street and Pennsylvania Avenue NW, Washington, DC 20580; telephone 202/326-2161.

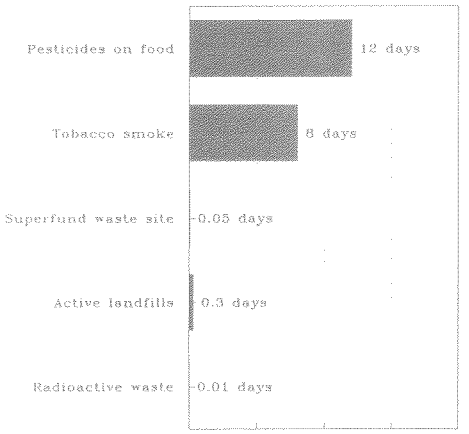
## Superfund

The U.S. General Accounting Office (GAO) issued a report in July criticizing EPA cost estimates for Superfund cleanup sites. The report stated that "EPA's Superfund cost estimates are not reliable or useful as a tool to oversee costs or to make funding decisions." In February of this year EPA released an estimate that the existing National Priority List (NPL) sites (there are approximately 1200 of them) would cost $26.4 billion to address under Superfund — a cost of over $20 million per site.

GAO criticized EPA for, among other things, failing to use historical data to compare against forecasts. "EPA does not maintain financial information that compares budgeted and actual cleanup costs." In addition, EPA assumed no sites would be added to the NPL, although throughout the 1980s an average of over 100 new sites were added each year. Far more sites are being added each year than have been cleaned up under Superfund.

For the record, EPA calculates that less than 45 percent of total costs can be attributed to site cleanup activities. Most of the money goes toward planning, investigation, and legal efforts. From 1981 through October 1991, EPA had cleaned up just 63 sites, and cleanup was in progress at 353.

Overrated Risks: Lost Life Expectancy From Environmental Pollution




Bernard L. Cohen, "How to Assess the Risks You Face," Consumers' Research, June 1992.

## Endangered Species

Authorization for the U.S. Endangered Species Act of 1973 ends on September 30, 1992. Many conservatives anxiously await the opportunity to reform the badly flawed Act.

The best effort to date is the "Symms Progressive Endangered Species Act of 1992." Introduced in early August by Senator Steve Symms (R-ID), this bill incorporates the Symms Property Rights Bill, which requires that regulatory agencies consider the impact of their actions on private property under the "takings" clause of the 5th Amendment . It also would do away with "subspecies" and "distinct populations," two highly subjective terms often used to unnecessarily restrict the use of private property. Of specific interest to states, the bill also would require that state water laws be respected, not overridden for the sake of a listed species.

For additional information on the Symms Progressive Endangered Species Act, contact Robert Gordon of the National Wilderness Institute, phone 703/836-7404.

CEI

Information on this page was provided by Kent Jeffreys, director of environmental studies at the Competitive Enterprise Institute, 233 Pennsylvania Avenue SE, Suite 200, Washington, DC 20003, phone 202/547-1010, fax 202/546-7757.

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

**Focus on:**

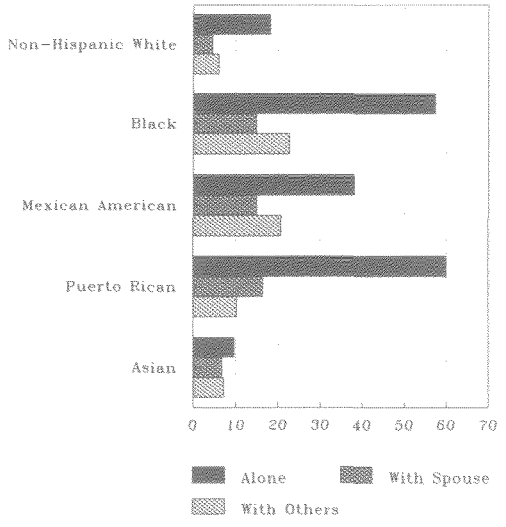
# FAMILIES

## At Risk

As the number of children living with both parents has dropped, the well-being of children has fallen. "The percent of children living with two parents is negatively related to poverty. Family structure is by far the best predictor of child poverty." And, the degree to which children live in two-parent families is significantly and inversely related to child mortality.

Source: "Relative Well-Being Among Children and the Elderly: The Effects of Age Group Size and Family Structure," Scott J. South and Stewart E. Tolnay, *The Sociological Quarterly 33* (1992): 115-133.

Percent of Elderly in Poverty
By Living Arrangements




## Better Scholars

Adolescents from intact families win more honors and create fewer disturbances than peers from single-parent or reconstituted families. "Students from intact two-parent families had fewer absences and tardies, higher grade-point averages, and fewer negative and more positive teacher behavioral ratings than did those from reconstituted and single-parent families." The "consistency of findings" persisted even when social class, race, grade level, and age were taken into account.

Source: "Differences in School Behavior and Achievement Between Children from Intact, Reconstituted, and Single-Parent Families," Darin R. Featherstone, et al., *Adolescence 27* (1992): 1-11.

## The Feminist Welfare State

The modern welfare state serves feminist interests. Scandinavian sociologist Jon E. Kolberg observes that "with its service and transfers, the welfare state has introduced new sources of power and independence for women." Pointing out that the welfare state has "brought about a redistribution of jobs between the sexes," Kolberg argues that "there can be no doubt whatsoever about who won and who lost in this process of redistribution," given "the decidedly female bias in public sector employment."

Source: "The Gender Dimension of the Welfare State," Jon Eivind Kolberg, *International Journal of Sociology 21* (1991): 119-146.

## Institutional Abuse

If government certifies the quality of institutional day care, is it a safe substitute for parental care? Not in some cases. In a recent study, Diane Ehrensaff (Wright Institute, Berkeley, California) investigated allegations of "sexual abuse with ritualistic elements" at a federally sponsored day care center in San Francisco. In light of the evidence supporting the allegations, Ehrensaff finds it "clear that sponsorship of a program by the government or a public agency does not guarantee safety for children." Though calling for strict monitoring of government-sponsored day care, Ehrensaff concedes that "despite these precautions, such abuse may sometimes occur."

Source: "Preschool Child Sex Abuse: The Aftermath of the Presidio Case," Diane Ehrensaff, *American Journal of Orthopsychiatry 62* (1992): 234-244.

## Alone, Aging, and Poor

Among minorities, as among whites, elderly adults living alone are much more likely to live in poverty than those living with spouses. For instance, among elderly blacks living with their spouses, the poverty rate was only 14.9 percent, compared to 57.4 percent among elderly blacks living alone.

Of course, many minority women outlive their husbands. But the isolation of elderly minorities also is growing because of the high divorce rates and low marriage rates among minority groups.

Source: "The Demography of Minority Aging Populations," Jacqueline Love Angel and Dennis P. Hogan, *Journal of Family History 17* (1992): 99-115.

THE ROCKFORD INSTITUTE

Information on this page was provided by Bryce J. Christensen, editor of *New Research*, a monthly supplement to *The Family in America*, published by The Rockford Institute. For more information, contact Allan Carlson or Dr. Christensen at The Rockford Institute, 934 North Main Street, Rockford, IL 61103, phone 815/964-5053, fax 815/965-1826.

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Focus on:

# HEALTH CARE

### Medical Savings Accounts Advance

One of the best ideas for reforming America's health care system is steadily gaining steam. Medical Savings Accounts (MSAs) are a part of at least six bills pending in Congress: HR 4130, HR 4280, S 2540, HR 5250, S 2873, and HR 5325. On June 16, the Senate Labor Committee (headed by Senator Kennedy) indicated that it supports incorporating MSA demonstration projects into its legislative proposal, and on July 2, President Bush announced that he supports MSAs. The American Farm Bureau Federation reiterated its support for MSAs in a research report by staff economist Ross C. Korves published in June.

For more on MSAs, contact Citizens for Affordable Health Care (1-800-858-9621).

### What are Medical Savings Accounts?

MSAs allow employers to purchase high-deductible insurance policies for their employees and pass along the premium savings in the form of cash, placed in a medical savings account, to allow enrollees to cover all or a portion of the deductible amount. For example, increasing the deductible on a family policy from $250 to $3,000 typically lowers premiums by $3,000 or more. By allowing enrollees to deposit these saved premium dollars into a savings account, MSAs would enable enrollees to *self-insure* for the first $3,000 in medical expenses incurred each year.

Deposits into the MSAs would not be taxed as compensation, just as employer-paid insurance premiums are not now taxed. Money in the account could only be used to purchase medical care. Any money left in the account after the first year could be rolled over to cover future medical needs.

### Why Medical Savings Accounts Work

MSAs make consumers responsible for paying more medical expenses with their own money, yet most enrollees are better off financially than they were with a low-deductible, high-premium insurance policy. This new arrangement would reduce health care spending by discouraging unnecessary use of health services, and by encouraging price competition among providers.

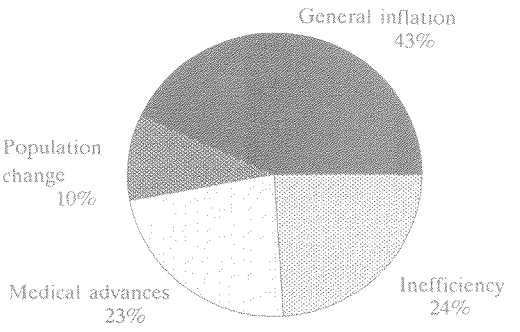
MSAs would reduce administrative costs by removing many small claims from the insurance billing and utilization review processes. And MSAs would reduce the number of people without health insurance by creating savings funds from which people could pay health insurance premiums until they get on their new employer's plan, and by significantly reducing the cost of purchasing health insurance.

### Abandoning the Elderly

As a result of Medicare cost-cutting in 1983, 14.7 percent of elderly patients were discharged in a medically unstable condition. These patients were 50 percent more likely to die within 90 days than those who were stable when discharged. Similar mistreatment of the elderly occurs in Canada, Britain, and other countries with nationalized health care.

"Denying Health Care to the Elderly," M. Stanton Evans, *Consumers' Research*, Consumers' Research, Inc., July 1992.

What Accounts for
Health Care Inflation?




John Steele Gordon, "How American Health Care Fell Ill," American Heritage, May/June 1992.

### Business Leaders On Reform

Sixty percent of surveyed corporate executives (drawn from Fortune and Business Week lists) oppose "pay or play" proposals; 75 percent support reforms that would allow them to provide low-cost, minimum-benefit health insurance packages.

"Corporate Response to Health Care System Reform," Boston University Health Policy Institute, 1992.

THE HEARTLAND INSTITUTE

Information on this page was provided by Joseph L. Bast, president of The Heartland Institute. For more information, contact The Heartland Institute, 634 South Wabash, Second Floor, Chicago, Illinois, 60605, phone 312/427-3060, fax 312/427-4642.

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

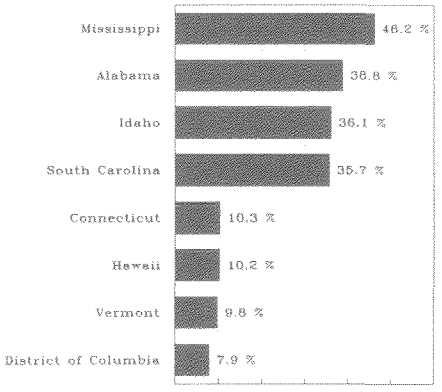
**Focus on:**

# PRIVATIZATION

## Private Infrastructure Development

Despite unprecedented increases in air travel, there has been no significant expansion of domestic airports since 1974. The FAA currently classifies 21 airports as "seriously congested" and expects that figure to climb to 40 by 1998. With governments at all levels strapped for cash, where will the money for needed infrastructure development come from? Price Waterhouse transportation analysts Steven Steckler and William Payson say it must come from the private sector. In *Expanding Airport Capacity: Getting Privatization Off the Ground*, recently released by the Reason Foundation, Steckler and Payson recommend that the FAA remove regulatory barriers to private involvement in airport construction. In light of the recent Executive Order on asset sales, private airport ownership and management could become the key to maintaining our domestic air travel infrastructure at a competitive level.

Financing Local Government
User Charges as Percent of Total
Own-Source Government Revenues




Intergovernmental Perspective, Advisory Commission on Intergovernmental Relations, Winter 1992.

## Education Turning to Private Sector

A private school management company, Education Alternatives Inc. (EAI), has contracted with the Baltimore Public Schools to manage several schools.

It is the second such contract for EAI, which will run eight elementary schools and one middle school in poor, inner-city Baltimore communities. EAI also has contracted to manage South Pointe Elementary School in Dade County, Florida.

As part of its agreement with the Baltimore Public Schools, EAI will bring in KPMG Peat Marwick and Johnson Controls World Service. Peat Marwick will look at improving the accounting system, while Johnson Controls will consider trimming non-instructional costs. Profits, if any, are to be split evenly between the school district and the three-company venture.

## State Privatization Efforts

In the 1980s, many states went on massive spending sprees, causing state government to grow faster than any other level of government. But the fiscal realities of decreasing revenues and taxpayer discontent are prompting Governors and state legislators of both political parties to look at privatization as a tool to save money and "right-size" government.

**Michigan**. The House Republican Policy Committee's Task Force on Privatization in State Government released a comprehensive report in June calling for contracting-out a host of state functions to the private sector.

**Massachusetts**. Governor William Weld has made entrepreneurial government and privatization cornerstones of his administration. While erasing a large deficit left over from his predecessor Michael Dukakis, Weld has balanced the budget without raising taxes, using the private sector for everything from operating skating rinks to providing mental health services at corrections facilities.

**Maryland**. In response to a Joint Resolution from the Maryland House of Delegates, Governor William Shaefer created on July 9 a Task Force on Privatization. The six-member task force, chaired by former Maryland Secretary of Transportation William Hellmann, has been charged by the Governor with reviewing and identifying functions in state government "which may be performed more efficiently and economically by the private sector." The Task Force is examining contracting out services in various state agencies such as transportation, corrections, and health, as well as selling off state assets. Assets under consideration include the Port of Baltimore, the World Trade Center, and BWI airport.

Reason Foundation

Information on this page was provided by Robert W. Poole, Jr., president of the Reason Foundation. For more information, contact the Reason Foundation, 3415 South Sepulveda Boulevard, Suite 400, Los Angeles, CA, 90034, phone 310/391-2245, fax 310/391-4395.

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Focus on:

# TAXES

## Property Tax Collections Reach $155 Billion Nationwide in FY 1990

According to the latest government data, state and local property tax revenues climbed $13.1 billion in fiscal year 1990, a 9.2 percent increase over 1989. The $155.6 billion collected in 1990 from property taxes is over twice the revenue collected a decade earlier, representing 31 percent of total state/local revenues.

For local governments, property taxes continue to be the primary source of tax revenue. In FY 1990, $150 billion in property tax levies provided 74.5 percent of local tax revenue. In contrast, the $5.6 billion that state governments collected from property tax levies represented only 2 percent of their tax revenues. Forty-two states levy a property tax.

## Property Tax Collections Per-Capita

Per-capita property tax collections in 1980 were $302, rising 107 percent to $626 per-capita in 1990. Five states and the District of Columbia collected over $1,000 per person in property tax revenue. Alaska had the highest per-capita burden ($1,246), followed by the District of Columbia ($1,198), New Hampshire ($1,151), New Jersey ($1,149), Connecticut ($1,056), and New York ($1,023). At the other end of the spectrum, the lowest per-capita burdens were found in Alabama ($163), New Mexico ($219), Arkansas ($228), Kentucky ($252), and West Virginia ($256).

The property tax growth rate for the District of Columbia was a staggering 248.4 percent; Florida was a distant second at 172.8 percent; and New Hampshire placed third with 155 percent.

## Federal Tax Burden Growing

The federal tax burden will hit a record $1,049 billion in 1992 — $4,114 for every person in the United States. Since 1983, the federal tax burden on U.S. citizens has climbed steadily at a 7.8 percent annual average. The 1993 burden is expected to reach $1,143 billion, a 9 percent increase over 1992. The average American who paid $2,490 in 1983 will pay an estimated $4,438 by 1993, an increase of $1,948.

## Distribution of Federal Tax Burden

While the total tax burden figure provides a useful measure of the overall level of federal taxes on U.S. citizens, its impact is not uniform among the 50 states and the District of Columbia.

Alaska ranked number one a decade ago with a tax burden of $4,173, but fell to number five by 1992. Texas, which has seen its share of the federal tax burden fall from 6.9 percent of all taxes in 1983 to 6.1 percent by 1992, now ranks 32nd in per-capita tax burden, compared to 14th in 1983.

Connecticut has the highest per-capita federal tax burden, yielding $6,243 in federal tax revenues for each resident during 1992. Five other states and the District of Columbia exceeded $5,000 in per-capita federal taxes. By contrast, taxpayers in Mississippi paid just $2,499 in federal taxes. Four other states paid less than $3,000 in per-capita federal taxes.

Paul G. Merski, "The 1992 Federal Tax Burden by State," *Special Report*, Tax Foundation, May 1992.

**Per-Capita Federal Tax Burden**

**Fiscal Year 1992**

| State | Per-Capita Burden | Rank |
|---|---|---|
| Connecticut | $6,243 | 1 |
| New Jersey | $5,920 | 2 |
| District of Columbia | $5,365 | 3 |
| Delaware | $5,129 | 4 |
| Alaska | $5,111 | 5 |
| New York | $5,041 | 6 |
| Massachusetts | $5,024 | 7 |
| Maryland | $4,842 | 8 |
| Illinois | $4,776 | 9 |
| New Hampshire | $4,463 | 10 |
| Idaho | $3,146 | 42 |
| Kentucky | $3,126 | 43 |
| Alabama | $3,116 | 44 |
| South Carolina | $3,115 | 45 |
| Louisiana | $3,087 | 46 |
| Arkansas | $2,925 | 47 |
| New Mexico | $2,925 | 48 |
| West Virginia | $2,883 | 49 |
| Utah | $2,787 | 50 |
| Mississippi | $2,499 | 51 |

Information on this page was provided by William Ahern, director of public information at the Tax Foundation. For more information, contact the Tax Foundation, 470 L'Enfant Plaza SW, Suite 7400, Washington, DC 20024, phone 202/863-5454, fax 202/488-8282.

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

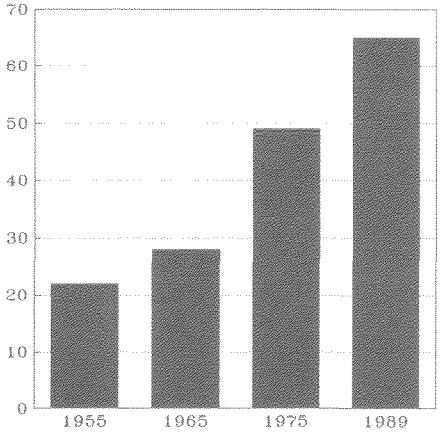
**Focus on:**

# WELFARE

### Spending More is Not the Way Out

Welfare spending in 1990, adjusted for inflation, was *five times* the level of welfare spending in the mid-1960s, when the War on Poverty began. Governments at all levels spent $215 billion in 1990 on assistance programs for low-income persons and communities. Total spending on the War on Poverty since its inception in 1964 has been $3.5 trillion (in constant 1990 dollars), more than the entire cost of World War II after adjusting for inflation.

Illegitimate Births as a Percentage of All Births to Black Women




### An Incentive System Made in Hell

The problem with the welfare state is not the level of spending, it is that nearly all of this expenditure actively promotes self-destructive behavior among the poor. Current welfare may best be conceptualized as a system that offers each single mother a "paycheck" worth an average of between $8,500 and $15,000 a year, depending on the state. The mother has a contract with the government: She will continue to receive her "paycheck" as long as she fulfills two conditions: 1) she does not work; and 2) she does not marry an employed male.

### Death of the Family

Across the nation, the current welfare system has all but destroyed family structure in the inner city by establishing strong financial disincentives to marriage. Suppose a young man fathers a child out of wedlock. If this young father abandons his responsibilities to the mother and child, government will step in and support them with welfare. If the mother has a second child out of wedlock, average combined benefits will reach around $13,000 per year. If the father stays and works, welfare benefits are quickly eliminated and the father's earnings are subject to taxation.

### Who is Really Poor Anymore?

Today, the fifth of the population with the lowest incomes has a level of economic consumption higher than that of the median American family in 1955. People defined by the U.S. government as "poor" have almost the same average level of consumption of protein, vitamins, and other nutrients as people in the upper middle class. The principal nutrition-related problem facing poor people in the U.S. today is obesity, not hunger. Similarly, a "poor" American has more housing space and is less likely to be overcrowded than is the *average* citizen in Western Europe. In fact, nearly 40 percent of the households defined as poor by the government *own their own homes.*

### Welfare Dependency Has Become the Rule, Not the Exception

Of the over four million families currently receiving assistance through AFDC, well over half will remain dependent for over ten years, many for 15 years or longer. Children raised in families that receive welfare assistance are themselves three times more likely than other children to be on welfare when they become adults. This inter-generational dependency is a clear indication that the welfare system is failing in its goal to lift the poor from poverty to self-sufficiency.

### Seven Reforms That Are Overdue

(1) Require work in return for benefits. (2) Reduce benefit levels. (3) Require responsible behavior as a condition of receiving benefits. (4) Establish paternity and enforce child-support payments. (5) Require all AFDC mothers under age 18 to complete high school or pass a GED. (6) Provide tax credits or vouchers for medical coverage to all working families. (7) Provide tax relief to all families with children.

Information on this page was provided by Robert Rector, policy analyst for social, welfare, and family issues at The Heritage Foundation. For more information, contact The Heritage Foundation, 214 Massachusetts Avenue NE, Washington, DC 20002, phone 202/546-4400.

The Heritage Foundation

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# RESEARCH REPORT

## Summaries of Research on State and Local Public Policy

## BUDGET

**Growth of Public Sector Employment.** Increasing public-sector employment explains much of the demand for increased taxes at the state and local level. State government employment rose by 19 percent during the 1980s. While state employee salaries increased 59 percent between 1980 and 1987, salaries in the private sector rose just 35 percent. "The Mythology of State Spending," John Hood, *The Freeman*, The Foundation for Economic Education, April 1992.

**Budget Summit Promises Broken.** The May 1990 summit promised a $23.5 billion *surplus* by fiscal 1995. The federal Office of Management and Budget, however, projects a 1995 federal deficit of $120 billion. Although spending cuts of $290 billion over five years were promised, domestic spending will have *increased* by $321 billion between 1990 and 1995. "A Prosperity Plan for America: How to Strengthen Family Finances, Revive the Economy and Balance the Budget," Scott Hodge, editor, The Heritage Foundation, 1992.

**Four Reforms to Limit State Spending.** The Colorado-based Independence Institute recommends four ways to control special interest group lobbying for greater government spending: *first*, require supermajority votes to approve tax increases; *second*, strengthen the governor's item-reduction veto power; *third*, require disclosure of state spending requirements before federal grants are accepted; *fourth*, use current actual spending as a budget baseline, rather than inflated projected spending. "Toward a Self-Limiting State Government," Dwight Filley, *Independence Issue Paper*, Independence Institute, June 26, 1992.

**Oregon's Spending Problem.** An independent analysis of the Oregon state budget found that Oregonians pay 15 percent more for state and local government than the average American; the average household pays $650 per year to fund excess compensation to public employees; and ample opportunities exist to reduce state spending to avoid a projected $1.35 billion budget gap. "Focus on Measure Five," Vernon S. White, *Fiscal Insight*, Cascade Policy Institute, July 22, 1992.

**Federal Domestic Spending Cuts?** In February 1992, President Bush proclaimed "I believe government is too big and it costs too much." Yet annual domestic spending increased by $169 billion — more than double the increase under Jimmy Carter — during Bush's four-year term. "What George Bush is Not Being Told about Federal Spending," Scott A. Hodge and Robert Rector, *Backgrounder No. 886*, The Heritage Foundation, March 4, 1992.

**Privatization Saves Ecorse, Michigan.** The privatization efforts of a court-appointed receiver brought Ecorse from a $4.6 million General Fund deficit in FY 1986 to a General Fund *surplus* of $148,500 in FY 1991. Privatization of the Department of Public Works alone will save the city at least $412,187 a year. "Responding to Municipal Fiscal Crisis: Bottom Line Lessons from Ecorse, Michigan," Robert J. Daddow, *A Mackinac Center Report*, Mackinac Center for Public Policy, May 1992.

**Privatization Could Rescue Detroit, Michigan.** Asset sales, load shedding, and contracting out could eliminate the City of Detroit's projected 1992-93 deficit ($248.5 million) and alter the course of city finances dramatically enough to prevent future deficits. "Revitalizing the American City: A Market Perspective for Detroit," Michael Mills, Charles Van Eaton, and Robert Daddow, *Heartland Policy Study No. 50*, The Heartland Institute, August 1992.

**Adopt-A-Park Programs.** Parks are often low priorities when state and local governments face budget crises. *Solution*: "Adopt-a-park" programs initiated by neighborhood organizations. In New York, almost 25 percent of the city's 1,490 parks are maintained by community groups. "Reclaiming Our Public Spaces," Fred Siegel, *The City Journal*, Manhattan Institute, Spring 1992.

## CRIME

**The High Cost of "Tough-on-Crime."** While federal agencies benefit from appearing "tough on crime," state and local governments bear the costs. At least 90 percent of the cost of the "war on crime" is paid for by state and local governments. "Federal Anti-Crime Efforts: The Fallout on State and Local Governments," Vivian Watts, *Intergovernmental Perspective*, Advisory Commission on Intergovernmental Relations, Winter 1992.

**Communities Care Little About Arrest Figures.** Statistical measures of a police department's success rarely reflect a community's perceptions of safety and order. This "suggests a serious problem, not only in providing recognition for officers, but also in keeping the department accountable to the community and focused on its real needs." "Measuring What Matters: A New Way of Thinking about Crime and Public Order," George Kelling, *The City Journal*, Manhattan Institute, Spring 1992.

## ECONOMY

**Upward Mobility in the 1980s.** According to Treasury Department data, an individual in the bottom income bracket (quintile) had a greater chance

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of ending up in the top quintile over a ten-year period studied than of remaining in the bottom. Approximately 86 percent of those in the bottom quintile in 1979 had moved to a higher quintile by 1988. "Income Mobility and Economic Opportunity," Joint Economic Committee Republican Staff, June 1992. Contact Edward Gillespie, Joint Economic Committee Republican Staff, Room 805 Hart, Washington, DC 20510; phone 202/224-0374.

**1980s Not All Gloom-and-Doom.** Everybody, not just the rich, got richer: the average real income of the lowest two quintiles of households rose between 1973 and 1989 by 4.7 and 4 percent. America did not "deindustrialize": the overall industrial production index rose by 29 percent, and the manufacturing index rose by 37 percent. And America did not "decline": U.S. GNP held steady at about 34 percent of that of the rest of the world. "America: What Went *Right*," Richard B. McKenzie, *Policy Analysis No. 172*, Cato Institute, June 1, 1992.

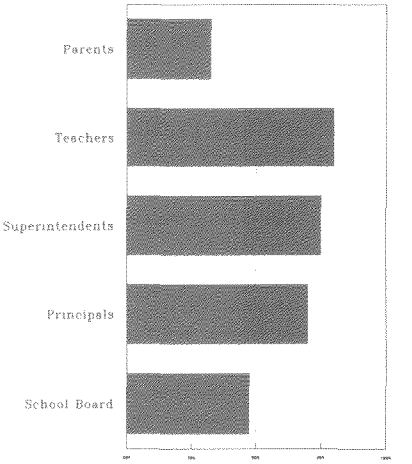
**Big Government or Prosperity?** Economic studies comparing nations consistently find that the more the government sector consumes out of gross domestic product, the slower the nation's economy grows. Emerging demographic trends in the U.S. are making economic growth more essential than ever before. Cutting taxes, privatization, and deregulation are proven methods of spurring economic growth. "Big Government or Economic Prosperity?" Arthur P. Hall II, Citizens for a Sound Economy, June 1992.

**Minority Businesses Thrive in 1980s.** According to the Census Bureau, the number of black-owned business firms rose from 308,000 in 1982 to 424,000 in 1987, a 38 percent rise. During the same period, the total number of firms in the U.S. rose by only 14 percent. Receipts by black-owned firms rose 105 percent during this period, from $9.6 billion to $19.8 billion. Meanwhile, the average inflation rate during the period was less than 4 percent per year. "Capitol Hill's Closely Guarded Secret," *Talking Points on the Economy*, The National Center for Public Policy Research, September 12, 1991.

# EDUCATION

**Local Control for Effective Education.** After 30 years of increasing government involvement in education, why does student achievement continue to decline? *Possible answer*: Virtually all of the factors most associated with effective education are school- and neighborhood-based, yet curriculum and funding decisions are increasingly made by state and national governments. "Is Education Too Intergovernmental?" John Kincaid, *Inter-*

School Performance Ratings
(% giving A or B grade to their school)




Chester E. Finn, Jr., "Our Schools and Our Future," Center of the American Experiment, November 8, 1991

*governmental Perspective*, Advisory Commission on Intergovernmental Relations, Winter 1992.

**Deregulate Schools.** Thousands of regulations, dictating everything from class size to racial balance to textbooks, satisfy narrow special interest groups and do little for the education interests of students and parents. "School Deregulation: An Educational Imperative," David W. Kirkpatrick, *Issue Brief*, The Commonwealth Foundation, April 1992.

**Choice Gains Momentum.** In 1991, ten states approved some form of new choice legislation; 37 states had choice legislation pending; and at least 12 states had citizen coalitions working on choice initiatives or proposals. "Quarterly Review of State Choice Legislation," *Issue Brief*, Center for Choice in Education, Office of Intergovernmental and Interagency Affairs, U.S. Department of Education, February 1992; phone 800/442-7425.

**How Parents Grade Schools.** The widespread perception that "education is failing but my school is great" makes true school reform difficult. In 1991, just 20 percent of parents gave A or B grades to schools in general; 51 percent gave A or B grades to the schools in their own community; and 73 percent gave A or B grades to the school attended by their eldest child. "Our Schools and Our Future," Chester E. Finn, Jr., Center of the American Experiment, November 8, 1991.

**Mammoth School Systems Intimidate Parents.** Special interest groups are better equipped than parents and students to get satisfaction from the mammoth New York City public school system. The city's enrollment — 940,000 students — is larger than the total student enrollment of 37 states, and 58 percent larger than the nation's second largest school system, Los Angeles. "Putting Schools First," Raymond J. Domanico and Colman Genn, *The City Journal*, Manhattan Institute, Spring 1992.

**School Offers Money-back Guarantee.** HOPE Academy (Lansing, Michigan) enrolls kindergartners and guarantees that by the end of the academic year they will be reading at second-grade level. (Now why didn't a *public* school think of that?) "A School with a Money-Back Guarantee," Scott Payne, *The Freeman*, The Foundation for Economic Education, June 1992.

**Milwaukee Schools Failing Kids.** Sixty percent of all Milwaukee ninth graders do not complete high school; of the 40 percent who do graduate only 10 percent can read. Sixty-two percent of Milwaukee public school teachers and administrators send their children to private schools. "Inner City Kids: Why Choice is Their Only Hope," A. Polly Williams, *Imprimis*, Hillsdale College, March 1992.

**Back to Basics.** Learning in the United States began as an "overwhelming-

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ly simple, difficult, but excitingly challenging task of self-help and local community action." *Solutions for today*: decentralize, deregulate, decontrol, depoliticize, and debureaucratize education; increase incentives for direct, individual, and local education. "Freedom of Education Will Solve Our Education Crisis," Jack D. Douglas, *The Freeman*, The Foundation for Economic Education, June 1992.

**Two Reasons to Favor Educational Choice.** *One*: Choice is the best catalyst we have for reform. *Two*: Parents have a right to more say in their children's education than traditional schools allow them. "What is the Research Saying about School Choice: A Discussion with Mary Anne Raywid," Center for Educational Innovation, Manhattan Institute, no date.

**Phoney Attack on Educational Choice.** Choice *may cost less — not more* — than traditional education if the supply of schools is permitted to respond to demand. Communities in desperate need of high-quality education — Hispanic and inner-city black neighborhoods, for example — could see the creation of small, community-based schools offering curricula tailored to meet the needs of students ill-served by impersonal public schools. "Phoney Assertions About School Choice: Answering Critics," Jeanne Allen, *Educational Freedom*, Educational Freedom Foundation, Fall-Winter 1991-1992.

**The Many Benefits of Choice.** Educational choice is more than an efficiency-enhancer. *Other choice benefits*: desegregation, more equal educational opportunity, strengthening the family, more curriculum variety, increased individual liberty for parents and children. "School Choice as Simple Justice," John E. Coons, *First Things*, The Institute on Religion and Public Life, April 1992.

**Private Education Vouchers.** Business leaders can implement educational choice without red tape and bureaucrats. During the first term of the 1991-92 school year, Golden Rule Insurance Company's CHOICE Charitable Trust awarded 705 vouchers to



# Taxes Create Jobs? Forget It!

By Bradley J. Furnish

KANSAS CITY, MISSOURI — The Missouri legislature recently increased state taxes on gasoline. In the midst of a short-lived debate over the merits of the tax increase, several public officials declared that the measure would create 40,000 jobs. The only publicly voiced opposition to this claim came from a research firm that pegged the figure at closer to 28,000. That this exchange could go unremarked is eloquent testimony to the low level of public economic literacy. *There is no reason to expect* ***any*** *net job creation at all to result from this tax increase.*

It is not surprising that disagreement over the number of jobs created would arise, since nobody really knows how many additional construction workers will be hired or how much of their earnings they will spend. In fact, nobody knows whether increased spending on highways will occur before the recession ends.

If the only question were whether the legislation would add 28,000 or 40,000 jobs, there would be little point in debating the matter. However, both the public officials and the research group overlooked the fact that in order to *spend* money on highway projects, government agencies must first *collect* the money from taxpayers. Every additional dollar extracted from Missouri taxpayers reduces the amount remaining to be spent on other goods. Jobs will be lost and incomes reduced in other sectors of Missouri's economy.

Economic effects consist of the seen and the unseen. It is obvious that construction workers hired by the state owe their employment to the gas tax. It is much less obvious (but no less true) that thousands of applicants for unemployment benefits in Missouri will owe their status to the gas tax. From the viewpoint of politicians seeking reelection, the gas tax is ideal legislation. Beneficiaries are likely to display their gratitude by returning incumbents to office, while victims will not even recognize the source of their misfortune.

Is it possible that Missourians want better roads more than they want the other things that gas tax revenues could buy? Certainly. In fact, this is precisely the question any economist would ask when confronted by legislation such as the gas tax. All of us answer similar questions every day when we transact in markets. We buy those things we want the most, given that our incomes limit the amount of spending we can do.

Unfortunately, there is no market mechanism to enable Missourians to "buy" exactly their desired quantity and quality of roads. The political process is a clumsy and inferior substitute for the market process as a vehicle for making spending choices.

In one respect, Missourians are lucky to be living here. The Hancock Amendment, which limits the amount of taxes the state can collect without obtaining voter approval, allows Missouri residents more control over the taxes they pay than is exerted by residents of other states. The unwillingness of state legislators to put the gas tax to a vote reflects the usual legislative eagerness to confer visible benefits on some voters while imposing much less visible costs on others.

# # #

*Bradley J. Furnish is Kansas City Executive Director for The Heartland Institute.*

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

children in Indianapolis. "Private Vouchers: A New Idea in Education Reform," J. Patrick Rooney, *Imprimis*, Hillsdale College, March 1992.

# ENVIRONMENT

**Business Impact Statements.** Businesses are required to file "environmental impact statements" for much of what they propose to do. A similar requirement on environmentalists would make them more aware of the economic implications of their proposals . . . and would provide policy makers useful information on which to base decisions. "Why the States Need an Energy Policy," William P. Vititoe, *ALEC Forum*, American Legislative Exchange Council, April 1992.

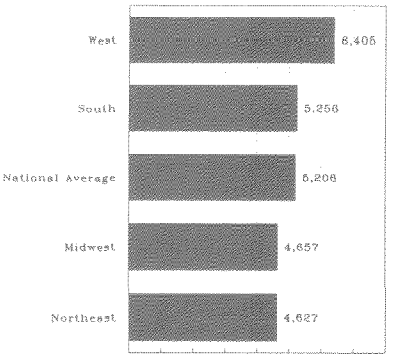
**Low-Risk Incineration.** Living near a modern waste-to-energy plant poses a lifetime risk of 1.2 cancers for every million people exposed. *Compare:* Living in a brick home is 300 times riskier. "Trash and Burn Eco-Rubbish," Lindsay Bray, *Update*, Competitive Enterprise Institute, April 1992.

**Risk Tradeoffs Are Inevitable.** The U.S. Environmental Protection Agency seems least aware of this fact, issuing regulations with pricetags ranging from $6.9 million per life saved to *$3.5 billion* per life saved. (Other government policies show $3 to $7 million per life saved as the approximate cutoff point where benefits still outweighed costs.) "Pricing Environmental Risks," W. Kip Viscusi, *Policy Study Number 112*, Center for the Study of American Business, June 1992.

**Regulation of Environmental Advertising is Anti-Consumer.** In 1989, Mobil introduced a garbage bag that was "biodegradable" in compost heaps, although not in landfills. Calling Mobil's claim "misleading," six state attorneys general filed suit to force the company to remove environmental claims from garbage bag packaging, thus denying consumers access to valuable information. "Don't Restrict Green Product Advertising," Jerry Taylor, *Consumers' Research*, Consumers' Research, Inc., May 1992.

**Pollution Prevention Decisions Best Made by Industry.** Sound pollution prevention decisions require intimate knowledge of extremely complex production processes in hundreds of polluting industries. Government

Crime Rate Per 100,000 Population by Region




Vivian E. Watts, "Federal Anti-Crime Efforts: The Fallout on State and Local Governments," Intergovernmental Perspectives, ACIR, Winter 1992.

can play only a limited role in implementing such strategies. "The Limits of Pollution Prevention," James Lis and Kenneth Chilton, *Contemporary Issues Series,* Center for the Study of American Business, May 1992.

**High Cost of Environmental Regulation.** Compliance with environmental regulations will cost U.S. businesses between $170 and $185 billion *annually* by the year 2000. "Hazardous Waste Regulation Compliance Taxes Economic Growth," *Capital Formation*, American Council for Capital Formation, May 1992.

**Global Warming Nonsense.** Every general circulation climate forecast model used to predict global warming predicts that the earth should have warmed much more than it has; most are off by a factor of two and four. In reality, there has been no net warming of our hemisphere in the last 55 years. Any warming that may occur cannot be enough to melt ice sheets in high-latitude regions, where temperatures are minus 40 degrees at night. "Apocalypse Not Now: Science, Politics, and Global Warming," Patrick Michaels, *Journal of Regulation and Social Costs*, National Chamber Foundation, March (Part 1) and June (Part 2) 1992.

**Supreme Court Rejects State Waste Disposal Bans.** On June 1, 1992, the U.S. Supreme Court struck down Alabama's $72 per ton extra charge on the disposal in Alabama of out-of-state hazardous waste, and in a separate case also invalidated a Michigan statute prohibiting the operators of privately owned waste disposal landfills from accepting waste generated outside the county in which the landfill was located. "Solid Waste Disposal Bans Derailed by Supreme Court," *Finance Alert*, Summer 1992. Contact Nixon, Hargrave, Devans & Doyle, One Thomas Circle, Suite 800, Washington, DC 20005; phone 202/457-5300.

**Reducing Use of Toxics May Not Be Best Policy.** Efforts to regulate toxics by controlling use, rather than exposure, impose costs that exceed possible health benefits by failing to recognize the true costs of reducing use rather than managing exposure. Market-oriented approaches that give manufacturers flexibility in finding the most economical ways to reduce exposure would save more lives and protect jobs. "The Economic and Safety Hazards of Toxics Use Reduction," Clyde Wayne Crews, Jr., *Journal of Regulation and Social Costs*, National Chamber Foundation, June 1992.

**Environmentalists On the Take.** In recent years, a disturbing trend has emerged: Environmental organizations are selling donated property to government agencies for big dollars. The Nature Conservancy, Trust for Public Land, and Conservation Fund received $44 million for 64 recent sales. *Even more alarming:* The Fish and Wildlife Service permitted environmentalists to overbill to the tune of $1.9 million to cover unspecified "overhead costs." "Audit Reveals Profitable Deals with Environmentalists," *Organization Trends*, Capital Research Center, July 1992.

# HEALTH

**Medicaid Burden on States.** Medicaid expenditures as a percentage of state general expenditures grew from less than 3 percent in 1966 to 14.8 percent in 1990. Total Medicaid expenditures grew from $1.3 billion in 1966 to $75.2 billion in 1990. Medicaid expenditure growth has outpaced enrollment increases, general price in-

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

flation, and medical care price inflation. "Medicaid Reform: Major Trends and Issues," Elliott J. Dubin, *Intergovernmental Perspective*, Advisory Commission on Intergovernmental Affairs, Spring 1992.

**Explaining Health Care Inflation.** Over-reliance on insurance to buy health care was responsible for roughly 24 percent of health care inflation during the 1980s. Health "insurance" is really pre-payment for medical care, which encourages providers to over-prescribe and over-charge. Incentives to overconsume caused by tax breaks for employer-provided insurance and government health insurance programs (Medicare and Medicaid) are the underlying problems. "How American Health Care Fell Ill," John Steele Gordon, *American Heritage*, May/June 1992.

**Wrong Direction on Health Care Reform.** Most of the federal health care legislation proposed since early 1991 would further alienate consumers from health care decisions. *Among the worst*: universal access/single-payor plans, federal price controls, and federal regulation of health insurance. *Better*: tax deductions and credits, medical IRAs, and tort reform. "Economic Policy Overview of Health Care Policy Legislation Introduced in Congress in 1991 & 1992," Ross C. Korves, American Farm Bureau Federation, June 1992. Write 225 West Touhy Avenue, Park Ridge, IL 60068; phone 312/399-5780.

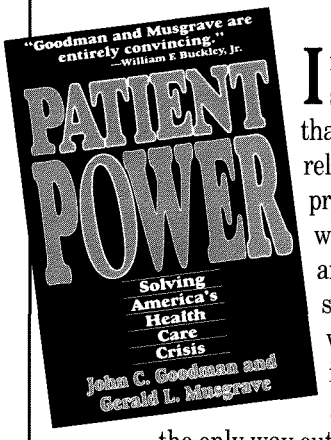
**Health Care Reform Proposals.** The array of ideas for health care reform ranges from the good to the bad to the ugly. *The good*: tax-favored Medical Savings Accounts; refundable tax credits to people who purchase insurance; state insurance mandate cutbacks or no-frills policies. *The ugly*: a tax on rich people. "The Best and Worst Ideas for Health Care Reform," *Policy Backgrounder No. 118*, National Center for Policy Analysis, June 10, 1992.

**First, Do No Harm.** State legislators are very limited in what they can do to address America's health care crisis. Real reform must address federal policies responsible for the crisis: skyrocketing Medicare and Medicaid spending, counterproductive tax laws, and federal mandates on state and local governments. "How the Federal Government is Causing Our Nation's Health Care Crisis," *Policy Backgrounder No. 119*, National Center for Policy Analysis, June 22, 1992.

**Maryland May Have Reform Model.** Key elements of the proposal include state tax credits or vouchers to help buy health insurance, vouchers for Medicaid recipients. *Questionable*: a 4 percent payroll tax on employers, managed care requirements, "modified community rating." "Why the Maryland Consumer Choice Health Plan Could Be a Model for Health Care Reform," Robert E. Moffit, *Backgrounder No. 902*, The Heritage Foundation, June 17, 1992.

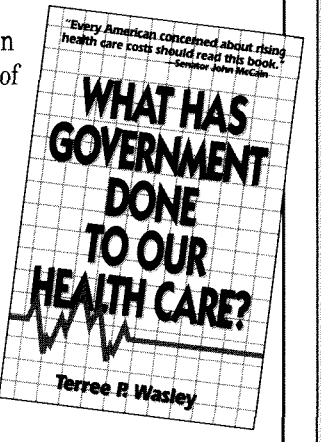
**Health Implications of Intact Families.** Research consistently affirms that intact families enjoy better health than others. As government officials attempt to socialize the burden of rising medical costs, they should be aware that many of their proposals will further weaken families. "Critically Ill:


## *Everything You Ever Wanted to Know about Fixing America's Health Care System*


"Goodman and Musgrave are entirely convincing."
—William F. Buckley, Jr.
PATIENT POWER
Solving America's Health Care Crisis
John C. Goodman and Gerald L. Musgrave

In today's bureaucratically dominated health care system, the patient's major role is to sign the forms that authorize one large, impersonal organization to release funds to another. Goodman and Musgrave propose to replace that expensive, top-heavy system with a cost-conscious private system of competition and innovation. At the center would be the consumers, whose freedom of choice and responsibility would bring to the medical marketplace the value, innovation, and efficiency found in other markets. *Patient Power* shows that market-oriented reform is the only way out of the crisis. This comprehensive survey of health care is indispensable to understanding that critical issue. *Patient Power* will be at the core of the coming debate over health care. $29.95 cloth/$16.95 paper

---


"Every American concerned about rising health care costs should read this book."
—Senator John McCain
WHAT HAS GOVERNMENT DONE TO OUR HEALTH CARE?
Terree P. Wasley

Terree Wasley shows how government interference in the medical marketplace has restricted the supply of services and overstimulated demand. The result: skyrocketing prices, which take their greatest toll on the poor and uninsured. Wasley demonstrates that government control has not produced accessible, high-quality health care at a reasonable cost anywhere. Her prescription: free the medical marketplace by giving consumers the power to control their own spending. Reading this book is the quickest way to learn why the system is broke and how to fix it. $19.95 cloth/$10.95 paper

Distributed to the trade by National Book Network.

224 Second St., S.E.
Washington, D.C. 20003
(202) 546-0200

CATO INSTITUTE


© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Family and Health Care," Bryce Christensen, *The Family in America*, The Rockford Institute, May 1992.

**The Failure of Canadian Health Care.** The 650+ minor repairs being proposed to rescue Canadian health care won't work. They neglect the underlying problem: Socialization removes essential price signals needed to evaluate the performance of any industry. Health care is no exception. "Canadian Medicare: Doomed from the Start," Terence Corcoran, *The Freeman*, The Foundation for Economic Education, May 1992.

# HIGHER EDUCATION

**Value Instruction Praised.** Parents and students have a right to choose universities and colleges that promote strong moral character, as well as intellectual development. *Among the best*: Wheaton College (Illinois), University of Notre Dame (Indiana), Baylor University (Texas), and Hillsdale College (Michigan). "Rewarding Values in Education," John M. Templeton, *Philanthropy*, The Philanthropy Roundtable, Spring 1992.

**Sensitivity Training Run Amok.** University of Wisconsin - Milwaukee officials have distributed a list of 49 "Ways to Experience Diversity," which urges students to "hold hands publicly with someone of a different race or someone of the same sex as you"; the University of Connecticut has banned "inappropriately directed laughter." It appears Americans need to *lighten up*. "The Ideology of Sensitivity," Charles Sykes, *Imprimis*, Hillsdale College, July 1992.

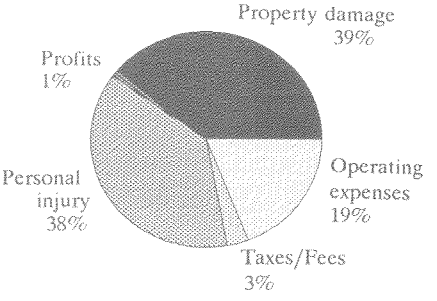
**State Universities Reject Teaching.** A survey of four departments at the Chapel Hill campus of the University of North Carolina discovered that the average faculty member taught just one undergraduate section a semester; the average undergraduate "teaching load" was just 3.3 hours per week. "Research productivity" has become the unspoken highest priority. "A Tradition at Risk," Charles J. Sykes, *Carolina Journal*, The John Locke Foundation, June-July 1992.

# PRIVATIZATION

**Fact and Fallacy.** "The effects of privatization are *in fact* almost invariably beneficial, both for society as a whole and for those most closely associated with the program that is privatized." "Privatization: The Facts and The Fallacies," Madsen Pirie, The Fund for an American Renaissance and The Adam Smith Institute, no date.

**Asset Sales to the Private Sector.** State and local governments could realize as much as $227 billion in revenue if infrastructure assets were privatized. *Good candidates*: commercial airports, electric and gas utilities, highways and bridges, parking structures, ports, turnpikes, water supply and wastewater treatment facilities, waste-to-energy plants. "Mining the Government Balance Sheet: What Cities and States Have to Sell," Robert W. Poole Jr., David Haarmeyer, and Lynn Scarlett, *Policy Insight Number 139*, Reason Foundation, April 1992.

Where Auto Insurance Dollars Go
(for each $100 in premiums)




Christopher Saunders and Catherine England, "Resolving the New Jersey Auto Insurance Crisis," Economic Perspective, April 9, 1992.

**Private Transit is Better in NY.** A new study of public and private bus operations in New York City found that private operators had 29 percent lower cost per unit of service, got more miles and hours of service from each of their buses, provided 10 percent more service per employee, and had 31 percent fewer employees per bus than the public sector. Private operators also drove 45 percent farther without a collision accident and 54 percent farther between vehicle failures. "A Comparative Study of Public and Private Bus Operations in New York City," E.S. Savas and Anthony Cantarella, Federal Transit Administration, U.S. Dept. of Transportation, June 1992.

# REGULATION

**Not All Cars Pollute.** Properly maintained automobiles — regardless of whether they feature emissions-control equipment — run clean. In Great Britain, 347 cars, all built before 1904, were tested . . . and most emitted less than 1 percent carbon monoxide. In fact, 90 percent of the cars driven in the United States, regardless of age or emissions-control equipment, cause no significant pollution. "Dirty Driving," Rick Henderson, *Policy Review*, The Heritage Foundation, Spring 1992.

**Lucas Hailed as Breakthrough.** According to the Pacific Legal Foundation, the *Lucas* case means "the U.S. Supreme Court has now soundly rejected the theory that government may destroy the value of private property, without the need to pay compensation, in order to promote open space or preserve scenic views." *At Issue*, Pacific Legal Foundation, July 2, 1992.

**Another View of Lucas.** ALEC's Jeff Campione says the Supreme Court "failed to further the cause of private property rights" and recommends that state legislators introduce bills making states liable for compensation in the event of a reduction of a property's value. More than 20 states have introduced such legislation in the last two sessions. "Supreme Court Falls Short in Landmark Private Property Rights Case," *FYI*, American Legislative Exchange Council, July 10, 1992.

**An Agenda for Deregulation.** The chairman and general counsel of Citizens for a Sound Economy call for: enacting the Paperwork Reduction Act of 1991, devoting more resources to regulatory review, establishing and capping a regulatory budget, eliminating regulatory-review loopholes, revising obsolete banking laws, and completing deregulation of the trucking industry. "The Ink of the Octopus: An Agenda for Deregulation," James C. Miller III and Phillip Mink, *Policy*

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

*Review*, The Heritage Foundation, Summer 1992.

**FDA Advertising Policies Puzzling.** Cigarettes can be advertised with only a one-line mention of health risks, but remedies for smoking addiction can only be advertised with lengthy statements written in language so technical that consumers can't understand them. The "brief summary" requirement can double the price of advertising for smoking-cessation products and thus discourage it. "The FDA's Prescription for Consumer Ignorance," Dr. Paul H. Rubin, *Consumers' Research*, Consumers' Research, Inc., June 1992.

**New Jersey Auto Insurance Regulation Fails.** At the end of 1990, New Jersey's government-run insurance program for high-risk drivers had claims $3.5 billion higher than premium revenues. The program's replacement is now running a $375 million deficit. Governor James Florio's reform proposals have created price and regulatory controls that will make matters even worse. "Resolving the New Jersey Auto Insurance Crisis," Christopher Saunders and Catherine England, *Economic Perspective*, New Jersey Citizens for a Sound Economy, April 9, 1992.

**The Price of "Fair" Trade.** Trade barriers cost American consumers $80 billion a year — over $1,200 per family. Each American citizen is permitted to consume just one teaspoon of foreign ice cream per year, two foreign peanuts per year, and one pound of imported cheese. "'Fair Trade' Isn't Fair to U.S. Consumers," James Bovard, *Consumers' Research*, Consumers' Research, Inc., May 1992.

**Federal Regulatory Spending Slowed?** The fiscal 1993 budget projects an inflation-adjusted decline of 0.1 percent in federal regulatory spending. *Bad news*: Regulatory spending nevertheless will reach *$14 billion* in fiscal 1993. "Regulatory Standstill: Analysis of the 1993 Federal Budget," Melinda Warren and James Lis, *Occasional Paper 105*, Center for the Study of American Business, June 1992.

**Interest Rate Caps Hurt Consumers.** A 14 percent rate cap could force



# State Fails in Real Estate Business

By Peter Thusat

CLEVELAND, OHIO — Ohio taxpayers are about to get another reminder that poor judgment and bad decisions by their elected officials cost them billions of dollars every year.

Consider One Dayton Centre. Completed in 1989 at a cost of $50 million, this 20-story office tower in downtown Dayton received $22 million in federal, state, and city grants and loans. Originally touted as a local economic *boon*, One Dayton Centre has turned out to be a *boondoggle*. Less than 30 percent of the building is currently occupied. The developers cannot make payments on their $31.5 million mortgage, and they are expected to default on almost $14 million in loans owed to the City of Dayton.

Like most government "economic development" gambits, One Dayton Centre proved incapable of producing promised benefits. Faced with such failure, the projhect is today being recast as a "capital improvement" project. High-paid lobbyists are attempting to *sell* One Dayton Centre to the State of Ohio for $33 million. The idea is that the state ought to own, rather than rent (as it currently does) its local office space in Dayton.

Let's get this straight. Policy makers are being urged to: ■ forget about the jobs and tax revenue from the present leasing arrangements, ■ ignore the availability of much cheaper alternatives to One Dayton Centre, ■ *buy* 335,000 square feet of unwanted office space that would remain 20 percent vacant even if the state government's entire local labor force relocated there, and ■ do all this while cutting other spending by 15 percent or more due to the $500 million state budget deficit looming in the fiscal year beginning July 1!

Negotiators at Huntington Bank, which holds the first mortgage on the near-empty office tower, say they may come down on the asking price of $33 million — especially since 80 percent of the tower's interior is unfinished and it would cost a buyer an estimated $3.1 million to prepare the building for tenants. But even assuming a purchase price of just $26 million, Coopers & Lybrand predicted the state would *lose* $6 million during the first two years of owning/operating One Dayton Centre.

> **Governments should keep taxes low and promote privatization.**

Economic growth is a legitimate public policy objective, but allowing government to enter the risky real estate business is no way to achieve it. A better strategy is to keep taxes low and to stimulate competition-driven opportunities by encouraging privatization and similar market-oriented policies. This strategy has a proven track record in other states, and it comports with what we know of the abilities and limitations of government. Rather than pressing for subsidies and bailouts, community leaders should seek ways to reduce the cost and improve the quality of government services delivered to state and local citizens.

# # #

*Peter Thusat is Ohio Executive Director of The Heartland Institute.*

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

credit card issuers to recall the cards of at least 32 million people; a 12 percent cap would put a minimum of 70 million card holders at risk of losing their cards. March 1992 study conducted for MasterCard by Dr. Rober E. Litan, of Brookings Institution, cited by Peter L. Spencer, "Calling All Consumers," *Consumers' Research*, Consumers' Research, Inc., March 1992.

**Risk Perception Unsound Basis for Policy.** "Hazardous" Superfund waste sites pose a total lost life expectancy risk of just .05 days. *Compare*: For every year a young man plays football in college, he faces a lost life expectancy risk of .44 days. Taking aspirin lowers life expectancy for the average American by 2.7 days. "How to Assess the Risks You Face," Bernard L. Cohen, *Consumers' Research*, Consumers' Research, Inc., June 1992.

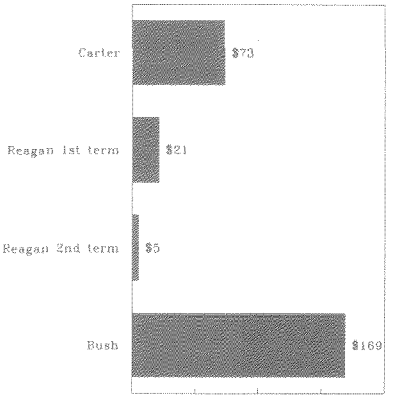
# TAXES

**Lessons From New Jersey Tax Revolt.** *One*: Public pressure to check government spending works better at the state level than the federal level. *Two*: "Surprise" attempts to pass tax increases are not likely to succeed. *Three*: Once-sacrosanct programs — such as welfare — can be challenged by state politicians without negative election results. "The Trenton Tea Party," David Kehler, *Policy Review*, The Heritage Foundation, Spring 1992.

**Tax Limitation Benefits Missouri Economy.** Since the Hancock Amendment's adoption in 1981, Missourians have enjoyed personal incomes about 1.76 percent higher each year than they would have experienced without tax limitation. In 1991, Missouri residents reported total personal income of $77.9 billion, approximately $1.3 billion of which is attributable to the Hancock Amendment. "The Hancock Amendment and Economic Growth in Missouri," Thomas L. Wyrick, *Heartland Policy Study No. 49*, The Heartland Institute, June 25, 1992.

**Tax Increases and Federal Deficits.** Higher taxes will increase, not reduce, the federal deficit. Since World War II, the federal government has spent $1.59 for every dollar it has raised in new taxes. "Taxes and Deficits: New Evidence," Richard Vedder, Lowell Gallaway, and Christopher Frenze, Joint Economic Committee Republican Staff, October 30, 1991. Contact Edward Gillespie, Joint Economic Committee Republican Staff, Room 805 Hart, Washington, DC 20510; phone 202/224-0374.

Increase in Annual Domestic Spending During Presidential Term (billions of constant 1991 dollars)




Scott A. Hodge and Robert Rector, "What George Bush is Not Being Told About Federal Spending," The Heritage Foundation, March 4, 1992.

**Tax Rule of Two.** In high-tax states, the true price of goods and services is about twice the retail price. To calculate how much income you need to purchase an item, multiply its price tag by two. To pay all taxes, self-employed workers must *earn* twice the retail price of goods and services. "A Consumer's Guide to Taxes: How Much Do You Really Pay in Taxes?" George Nastas and Stephen Moore, *Briefing Paper No. 15*, Cato Institute, April 15, 1992.

**Why Sin Taxes Don't Work.** Taxing tobacco, alcohol, pollution, and other "undesirable" products may sound like a painless way to raise revenues, but it is impossible in practice to quantify social costs with sufficient accuracy to set tax rates at optimal levels. Moreover, sin taxes produce social benefits only if the revenues generated are spent on goods and services more highly valued than the marginal outputs of goods being taxed, a questionable proposition given the inefficiencies of public sector programs. "Excises, Social Costs, and the Myth of Efficient Taxation: The Case of Carbon Taxes," Roy E. Cordato, *Economic Policy Bulletin*, Institute for Research on the Economics of Taxation, July 3, 1992. Contact IRET at 1331 Pennsylvania Avenue NW, Suite 515, Washington, DC 20004; phone 202/347-9570.

# TECHNOLOGY

**Japanese Support for Research and Development.** Private industry in Japan supplies more than 70 percent of the funds spent on research and development — a figure that exceeds the private sector's share in Britain, France, or the U.S. Yet Japan is often cited by industrial policy advocates as a successful model of greater government involvement in R & D. "The Myth of Industrial Policy," Gary Becker, *Business Week*, May 25, 1992.

**Superconducting Super Boondoggle.** With federal deficit spending rising to new heights, satisfying the curiosity of a small segment of the scientific community should not be considered a national priority. *Policy implication*: scrap the $11 billion Superconducting Super Collider. "Super Boondoggle: Time to Pull the Plug on the Superconducting Super Collider," Kent Jeffreys, *Briefing Paper No. 16*, Cato Institute, May 26, 1992.

# WELFARE

**Welfare Reform, American-Style.** For decades, the American welfare system has ignored the primary sources of the country's prosperity. Recent reforms at the state level — in Ohio, Michigan, Maine, Illinois, California, and others — promise a renewed focus on the work ethic, private investment, and involvement of the business community. "A Transformation Within the Welfare State," John A. Begala and Carol Bethel, *The Journal of State Government*, The Council of State Governments, January-March 1992.

**Welfare Spending Breeds Poverty.** Most government efforts to decrease *material* poverty have led to an increase in *behavioral* poverty: declining work and education effort, increasing illegitimate birth rates and single

*(Continued on Page 24)*

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Enjoy the Benefits of Membership in a Think Tank.

- Annual subscription to *Intellectual Ammunition*.
- 50% discounts on *Heartland Policy Studies*, *Perspectives*, and books.
- 50% discounts on admission to events and seminars in Milwaukee, Chicago, Detroit, Cleveland, Kansas City, and St. Louis.
- Special invitations to focus group meetings and private Members-only receptions.
- *Quarterly Performance Reports* describing upcoming publications and events.

Join Now And Save 42%!

One year membership for $69.
Save 42% off regular price of $120.

Name _____

Address _____

City _____

State and Zip _____

**Send no money now... we will bill later. Return this form to 634 South Wabash, Second Floor, Chicago, IL 60605.** Also offices in Milwaukee, St. Louis, Detroit, Cleveland, and Kansas City.

THE HEARTLAND INSTITUTE

© 1992 The Heartland Institute

**Health Care**

# Learning from the Mistakes of Others

By Ross C. Korves

CHICAGO, ILLINOIS — People around the world have celebrated the fall of the centrally planned economies of the old Soviet Union and Eastern Europe. The great debate — central planning done by government bureaucrats vs. individual decision making in a market economy — has ended. Individuals and free markets have emerged the undisputed winners.

The good news apparently has not reached certain members of the Illinois legislature, however. They dream of using the failed central planning approach to provide health care for the citizens of Illinois. They would create a government-run system funded by a new employer payroll tax and increases in the income, tobacco, and alcohol taxes. And they would have us believe that their plan would control costs without sacrificing quality, resulting in "appropriate" health care services for all citizens.

It is amazing that such claims could be made in light of all the evidence we have to the contrary. Over the past twenty years, real per-capita yearly costs in Canada have increased at roughly the same rate as in the United States (about 4.5 percent per year per person). Provincial governments are trying to cope with rapidly rising costs by closing hospitals and reducing payrolls. A recent study estimates that 260,000 Canadians are currently waiting for major surgery. When Quebec Premier Robert Bourassa developed skin cancer in 1990, he chartered a plane to fly to this country for diagnosis and treatment, and he paid out of his own pocket. Clearly, the Canadian system has neither controlled costs nor provided quality care.

Supporters of Illinois' proposed Universal Health Care Act appear to be unaware of these realities. They accuse the current health care delivery system of being inefficient (which it often is), and they instinctively assume that a government-run system would not be. Evidently they have not bothered to track the yearly double-digit increases in the cost of Medicare and Medicaid — both government-run health care programs. Indeed, the cost increases plaguing these two programs would be even greater were it not for extensive cost-shifting to private payers.

Private health insurance would be completely unavailable to the citizens of Illinois under the new proposal. In fact, the use of private insurance to pay for services provided by the government program would be prohibited. The creators of this plan apparently have learned one lesson well: Government programs can survive only by outlawing their competition, just as the U.S. Postal Service and state lotteries have done.

The proposal introduced in Springfield is not much different from universal health care bills introduced in state legislatures across the country. While the authors of these bills are chasing failed economic policies, valuable time is being lost. Policy makers are being consumed by proposals that do nothing to address the very substantive problems faced by the health care delivery system.

# # #

*Ross C. Korves is chief economist for a national membership organization headquartered in the Chicago suburbs and a policy advisor to The Heartland Institute.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

parenthood, prolonged welfare dependency. Public policy "should contain strong incentives for healthy, constructive behavior and recognize the reciprocal responsibility between the recipient and society." "Approaches to State Welfare Reform in the 1992," Dr. Charles E. Greenawalt II, The Commonwealth Foundation, June 1992.

**What Governors Are Doing About Welfare Reform.** California Governor Pete Wilson has proposed a ballot initiative to cut basic welfare payments by 10 percent and cut another 15 percent after families with able-bodied recipients have spent six months on welfare. Michigan's John Engler terminated general assistance for employable, childless adults. Maryland's William Donald Schaefer asked to reduce basic welfare benefits by nearly one-third. Wisconsin's Tommy Thompson, Illinois' Jim Edgar, and Massachusetts' William Weld all are all pressing ahead with "learnfare" and "workfare" programs. "Opportunity, Not Dependence: The Oregon Full Employment Program," Charles D. Hobbs and John McClaughry, *The State Factor*, American Legislative Exchange Council, June 1992.

**Learning from L.A.** The L.A. riots proved the War on Poverty failed, but why? Not because we didn't spend enough. In 1990, federal, state, and local governments spent $215 billion on assistance programs for low-income persons and communities. Adjusted for inflation, welfare spending in 1990 was *five times* spending in the mid-1960s. "Requiem for the War on Poverty: Rethinking Welfare After the L.A. Riots," Robert Rector, *Policy Review*, The Heritage Foundation, Summer 1992.

## OTHER TOPICS

**A More Prosperous Indiana.** A growth agenda for state public policy should include: public referenda for tax increases, term limits, a balanced-budget amendment and line-item veto, a statewide education voucher program, elimination of the state lottery, contracting out public services, and repeal of minimum wage and state prevailing wage laws. "Indiana Mandate: A Handbook for the Politically Serious," *Indiana Policy Review*, Indiana Policy Review Foundation, June-July 1992.

**Citizen Initiatives on the Rise.** In the forty years between 1940 and 1980, 248 initiatives appeared on statewide ballots. Between 1980 and 1990 — a ten-year period — 271 initiatives were on statewide ballots. "Statewide Initiatives 1981-90," Joan M. Ponessa and Dave Kehler, *Initiative & Referendum Analysis*, Public Affairs Research Institute of New Jersey, June 1992.

**Why Voter Turnout is Falling.** Surveys suggest those who don't vote and are middle-aged or older tend to be angry and alienated by the conduct of politics; those who are younger tend to be indifferent to it. "Turnout Tribulations," Curtis Gans, *The Journal of State Government*, The Council of State Governments, January-March 1992.

*(Continued on Page 26)*


AIM NET

# Look What's Bringing Conservatives Together

*AIM NET*, the exciting computer communications system linking a network of national conservative organizations and individuals all over the country. Exchange ideas, develop strategies, coordinate action and gain instant access to the informational resources of these organizations:

Accuracy in Academia
Accuracy in Media
American Legislative Exchange Council
Center For Individual Rights
Citizens For A Sound Economy
Committee For A Constructive Tomorrow
Competitive Enterprise Institute
Conservative Caucus
Conservative Network
Council For The Defense of Freedom
Eagle Forum
High Frontier
Human Events
International Freedom Foundation
Land Rights Letter
National Taxpayers Union
National Center For Public Policy Research
New York Guardian
Pacific Research Institute
Parents Music Resource Center
Putting People First
Washington Inquirer

Give us a call and we'll tell you how you can get on-line. It's simple and low-cost. All it takes is a computer, a modem and a local phone call. ***AIM NET: The Conservative Computer Communications Network is on-line now.***

***AIM NET***
1275 K Street, N.W., Suite 1150, Washington, DC 20005
(202) 371-6710

***YES!*** Please send me information on how I can join AIM NET.

Name:_____
Address:_____
City_____
State, Zip:_____

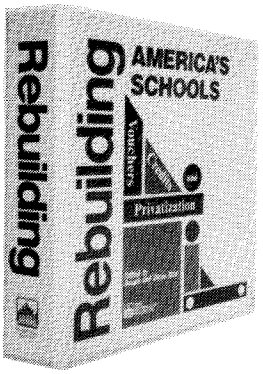
***OR CALL: 1-800-787-0430***

3724


© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The most complete design manual on Educational Choice available anywhere.




**REBUILDING AMERICA'S SCHOOLS: Vouchers, Credits, and Privatization**
edited by Joseph and Diane Bast

*"The best piece of work done so far in a very, very usable form."*

CARL FYNBOE
Washington Federation of Independent Schools

*"A splendid job!"*
MILTON FRIEDMAN
Nobel Laureate

*". . . a splendid contribution, theoretically sound, rhetorically convincing, with many practical insights and legislative models."*

HERBERT J. WALBERG
University of Illinois - Chicago

**340 pages in attractive 3-ring binder, $45.00. Free shipping.** For VISA and Mastercard orders, call 312/427-3060. Or send check or money order to the address below.

**THE HEARTLAND INSTITUTE**

634 South Wabash, Second Floor, Chicago, IL 60605. **Also offices in Milwaukee, St. Louis, Detroit, Cleveland, and Kansas City.**

© 1992 The Heartland Institute

## Competitive Contracting

# How Privatization Could Save Detroit

By Michael L. Mills and Charles Van Eaton

DETROIT, MICHIGAN — When asked about privatization strategies, a member of the Mayor of Detroit's 21st Century Committee told a city newspaper, "The bean-counters have come out with a lot of wild proposals which don't take into account the political hurdles. . . . It's unrealistic." Observers of modern government should appreciate the frankness of this comment, because it lays bare the real issue: In Detroit, as in so many units of government, politics has come to mean more than economics. Detroit's current fiscal problems are the necessary result.

Privatization is not "wild" — it is practiced all over the country, and all over Michigan, by governments large and small. Detroit has a great deal to gain by following their lead. Indeed, our preliminary research suggests that privatization of a wide range of Detroit's city services might eliminate not only the city's $103 million budget deficit, but a cumulative deficit officially forecasted to reach $1.2 billion before the end of the decade.

These savings are needed desperately. To restore Detroit's prosperity, city leaders can employ several privatization options, including competitively contracting city services to private firms.

Competitive contracting addresses the fundamental problem faced by elected officials who try to combine the conflicting functions of "governing" and "doing." When elected officials govern, they consider the interests of taxpayers and other consumers of public services. But when they try to be "doers," they acquire a vested interest in protecting the organizations and facilities they have built.

Officials can reduce this conflict by competitively contracting services. Lacking political protection, private firms must compete with each other for public service contracts by providing quality services at the lowest possible price. Our research indicates that many city services could be delivered for up to 56 percent less than present costs, with comparable or superior service quality.

Public officials and employees who feel threatened by competition argue that contracting to private firms causes citizens to "lose control" of public services. This argument ignores an obvious fact: Citizens already have lost control of public services. Competitive contracting puts control back into the hands of citizens by making elected representatives "shop around." Inadequate service quality becomes a breach of contract and can be punished by switching vendors.

Good contracting takes skill, of course. Competing bids must be solicited and service provision monitored. But if Detroit contracts successfully, as many other cities have, competitive bidding will help with many city services: waste management, forestry and landscaping, data processing, mass transit, and others. The savings would bring balanced budgets, lower taxes, and more responsive services for the city's hard-pressed citizens. The economic vitality once synonymous with Detroit could re-emerge.

# # #

*Michael L. Mills is president of the Michigan Privatization Council. Charles Van Eaton is professor of economics at Hillsdale College.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# Research Report Research Report Research

**Ethics and Public Policy**. Donald P. Hodel, former Secretary of the Interior, recently made these interesting observations on the need for public officials to believe and act on moral and religious values: "I am not advocating some kind of 'theocracy' in which religion and politics merge. . . . What I am talking about is restoring the recognition that there is such a thing as absolute right and wrong; that all men and women are by nature sinners and require both a value system and laws to restrain them; that those who believe in the Judeo-Christian value system need to participate in public service and leadership and bring their values with them." "The Moral Dimension in State Policy," Donald P. Hodel, *Independence Issue Paper*, Independence Institute, June 19, 1992.

**Guns, Crime, and Culture.** The assistant general counsel of the National Rifle Association asks, "Why is it that the American left is always wrong?" He concludes that "they use subjective criteria to test reality. They use internal reference points and believe, therefore, that truth is determined by their desires." He goes on to document how gun control laws in Canada and in the U.S. have not reduced homicide rates, and why they cannot be expected to do so. "Guns, Crime, and the Culture War, James H. Warner, *The Heritage Lectures No. 393*, May 27, 1992, The Heritage Foundation.

**Pyramids Across the U.S.** Nearly the entire August 1992 issue of *State Legislatures*, published by the National Conference of State Legislatures, is devoted to loving descriptions of state capitols across the United States. Articles provide such curious tidbits of information as the materials used to construct various domes, the oldest and newest state capitols, and one capitol thought to be haunted.

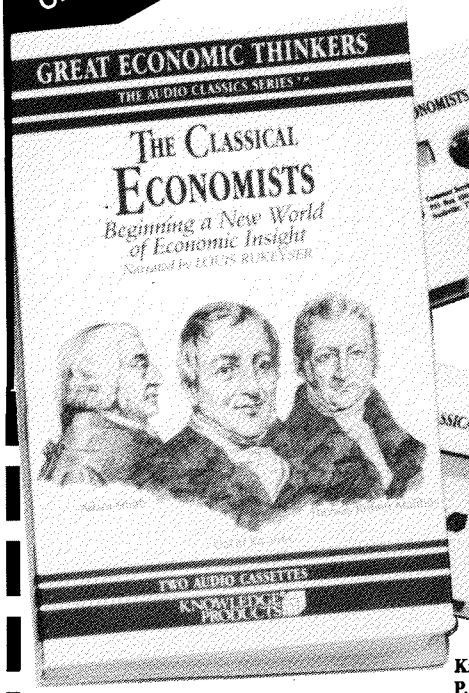

## Advertisers!

**Deliver your message to every Governor and state legislator in the U.S. for as little as $511.**

*Advertising in Intellectual Ammunition reaches 8,000 state government policy makers at a very low cost.*

For ad rates and placement information call 312/427-3060 and ask for Marie Peters.

INTRODUCTORY OFFER $1.00


GREAT ECONOMIC THINKERS
THE AUDIO CLASSICS SERIES
THE CLASSICAL ECONOMISTS
Beginning a New World of Economic Insight
Narrated by LOUIS RUKEYSER
TWO AUDIO CASSETTES

## TIMELESS KNOWLEDGE IN LESS TIME... AND LESS MONEY

As a collection of the world's most influential ideas on cassette tape, the *Audio Classics Series* opens a window of understanding upon the writers and thinkers whose timeless expressions shape our present and foreshadow our future. Now with our special introductory offer, you can receive the first two tapes in the *Audio Classics Series* – featuring *The Classical Economists* – for only $1.00 – a savings of $13.95 off the regular subscription price.

In collections of tapes narrated by leading journalists like Louis Rukeyser and Walter Cronkite the *Audio Classics Series* brings alive the wisdom of the past – both to aid your understanding of the present and to help you reach your goals in your future. Every tape in the *Audio Classics Series* recreates a fragment of history brimming with importance to our times and our future.

**$1.00 TRIAL OFFER.** For only $1.00 plus shipping and handling,($6.00 outside of the U.S.) you can begin receiving two cassette tapes every month. You have the right to return the current selection for any reason within 15 days and you may cancel your subscription at any time without penalty. As long as you continue to receive tapes you'll be charged only $14.95, plus $2.00 for shipping and handling, for each set. Try the *Audio Classics Series* today and discover for yourself that the lessons of the past show the way to the opportunities of the future.

KNOWLEDGE® PRODUCTS

To order call toll free - **1-800-876-4332**

❑**YES!** Send me for $1.00 plus $2.00 shipping and handling the Classical Economists, and begin my no-risk subscription to the Audio Classics Listening Library. I will receive two cassettes every month, and you'll charge my credit card $14.95 plus $2 shipping and handling ($6 outside the U.S.) for each set. If I'm ever displeased, I have the right to return the current selection within 15 days and owe nothing. I may drop out of the program at any time without penalty. Sales tax must be added for residents of TN and IL.

Charge my: ☐ Visa ☐ MasterCard ☐ American Express

Card No. _____ Exp. Date _____

Signature _____

Name _____

Address _____

City _____ State _____

Zip _____ Phone _____

#0141

Knowledge Products, Inc.
P.O.Box 305151
Nashville, TN. 37230


© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# America will spend $817 billion on Health Care this year.

# $160+ billion of that goes for Administrative Costs

**(Consumer Reports, July 1992)**

## The Medical Cost Containment Act of 1992 -- the one with Medical IRAs

It will **dramatically reduce** Administrative Costs.

And **dramatically reduce** health care spending by providing a real incentive for people to spend wisely.

## H.R. 5250 – S. 2873

- Won't raise taxes.
- Won't hurt small businesses.
- Will help those who work and the businesses that employ them.

## State Legislators:

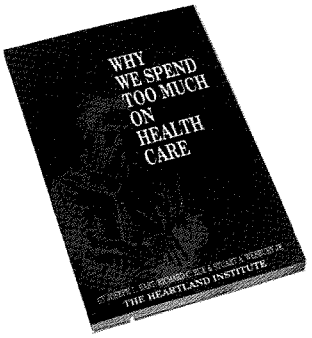
Encourage Your Members of Congress
to Pass the Medical Cost Containment Act **NOW!**

***1-800-858-9621***

***Paid for by The Council for Affordable Health Care.***

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

## Why We Spend Too Much On Health Care




by Joseph L. Bast, Richard C. Rue, and Stuart A. Wesbury, Jr.

*A complete guide to the public policy changes needed to lower health care spending and preserve consumer choice.*

*"Bast, Rue, and Wesbury have done a superb job disentangling fact from fiction and explaining the dynamics of health costs."*

STUART M. BUTLER
The Heritage Foundation

*"One of the best studies of this subject that I have seen and one of the best studies The Heartland Institute has ever published."*

THOMAS S. ULEN
University of Illinois

"Why We Spend Too Much on Health Care *goes right to the heart of America's health care crisis and proposes ingenious solutions."*

JOHN C. GOODMAN
National Center for Policy Analysis

**130 pages, illustrated, index. $8.95. Free shipping.** For VISA and Mastercard orders, call 312/427-3060. Or send check or money order to the address below.

**THE HEARTLAND INSTITUTE**

634 South Wabash, Second Floor, Chicago, IL 60605. **Also offices in Milwaukee, St. Louis, Detroit, Cleveland, and Kansas City.**


**Education**

# Marxist Echoes in Education

By Kirby Brant

MILWAUKEE, WISCONSIN — Time was when some school children flunked. Report cards had a line at the bottom for use at year-end: "Promoted to/retained in Grade ____." The line might inform Johnny's parents that he would not be sitting with his classmates next year. Instead, he would join that row of big kids you can see standing at the back of the room in old class pictures.

Today, the line is gone and the row is gone. A student's grade level is determined by age, not achievement. Kids no longer flunk. If they stick with the system for the required number of years, they will be given all the trappings of success — promotions in normal sequence and diplomas — irrespective of the actual state of their learning. The official exhortation to American young people is not to get educated, much less to seek wisdom, but to "stay in school."

Many reports document the depths of ignorance among high school graduates, even those who go to college. Wisconsin State Representative Annette "Polly" Williams, crusader for parental choice through vouchers, speaks of the horror public education has created in Milwaukee: Of its public school ninth graders, only 40 percent finish high school and get diplomas. Of that group — the cream of the crop — *only 10 percent can read*

American public education is the largest socialist enterprise in the world. Unsurprisingly, it is hospitable to discredited Marxist habits of mind. Marxism expounds that history is determined by powerful and impersonal currents arising from class conflict. Each person has little power to affect those currents by conscious action and is fixed within them by social class membership. In an analogous way, educationism views children as objects drifting through the scholastic experience, rather than as autonomous individuals who are able to respond to incentives and be responsible for their conduct.

Thus, educationism resists making academic achievement, or even competence, a requirement for the rewards the system has to offer. It believes that children's scholastic achievement is largely predetermined by such factors as parental support, socioeconomic status, readiness to learn, and self-esteem. Above all, it doubts that children can perform in response to incentives. A negative incentive, such as the threat of failing, will not evoke improved performance, only "frustration."

The Marxist subordination of the individual to society results in classrooms where learning is less likely to occur. A noteworthy example is the mainstreaming of students with educational, behavioral, and psychological problems. The chief justification for mainstreaming is that the regular students provide "positive role models." They are being used as instruments. Their own education, their opportunity to excel academically, is being sacrificed for the good of the public school "society."

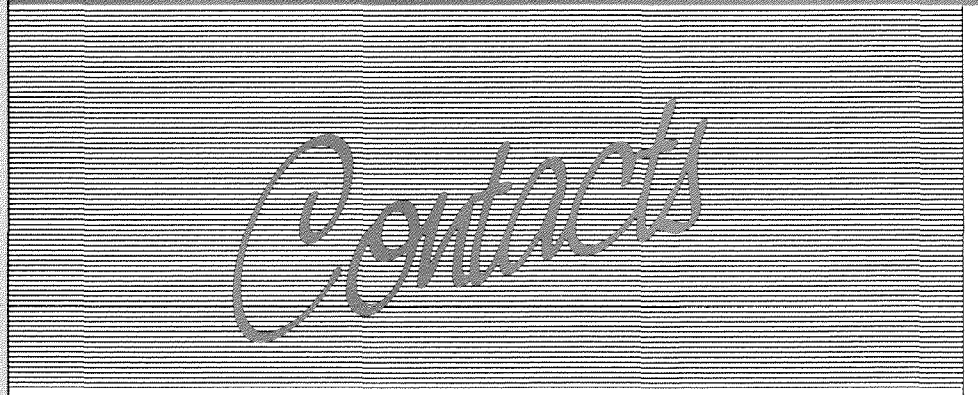
Finally, just as a Marxist economy generates worthless currency like the Soviet Ruble, so the "currency" of the public schools — grade level promotions and diplomas — is worthless unless backed by solid academic achievement. The system can recover its integrity only by refusing to reward failure.

# # #

*Kirby Brant is Wisconsin president of The Heartland Institute and a member of the Watertown Unified School District Board of Education.*

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED




The following organizations conduct and disseminate market-oriented research and commentary on state and local public policy issues.

## WEST REGION

**Arizona Institute**
2700 South Woodlands Boulevard
Suites 300-329
Flagstaff, AZ 86001
602/526-2597

**California Public Policy Foundation**
14263 Moorpark
Suite 4
Sherman Oaks, CA 91423
818/841-5210

**Capitol Resource Institute**
1211 H Street
Suite A
Sacramento, CA 95814-1912
916/444-8445

**Cascade Policy Institute**
813 SW Alder Street
Suite 707
Portland, OR 97205
503/242-0900
(fax) 503/242-3822

**Center for Independent Thought**
942 Howard Street
San Francisco, CA 94103
415/541-9780

**Center for the Study of Market Alternatives**
2285 University Drive
Boise, ID 83706
208/368-7811

**The Claremont Institute**
4650 Arrow Highway
Suite D-6
Montclair, CA 91763
714/621-6825

**Consumer Alert**
1024 J Street
Suite 425
Modesto, CA 95354
209/524-1738

**Foundation for Research on Economics and the Environment (F.R.E.E.)**
502 South 19th
Suite 1
Bozeman, MT 59715
406/585-1776

**Golden State Center for Policy Studies**
1211 H Street
Suite A
Sacramento, CA 95814
916/446-7924
(fax) 916/447-5191

**The Barry Goldwater Institute for Public Policy Research**
Valley Bank Center
201 North Central
Phoenix, AZ 85004
717/231-4854

**Independence Institute**
14142 Denver West Parkway
Suite 101
Golden, CO 80401
303/279-6536

**Independent Institute**
134 Ninety-Eighth Avenue
Oakland, CA 94603
415/632-1366
(fax) 415/568-6040

**Institute for Contemporary Studies**
234 Kearny Street
San Francisco, CA 94108
415/981-5353

**Mountain States Legal Foundation**
1660 Lincoln Street
Suite 2300
Denver, CO 80264
303/861-0244

**National Inholders Association**
P.O. Box 400
30218 N.E. 82nd Avenue
Battle Ground, WA 98604
206/687-3087
(fax) 206/687-2973

**New Mexico Foundation for Economic Research**
P.O. Box 1216
Albuquerque, NM 87103
505/243-5400
(fax) 505/243-1700

**Pacific Legal Foundation**
2700 Gateway Oaks Drive
Suite 200
Sacramento, CA 95833
916/641-8888

**Pacific Research Institute**
177 Post Street
Suite 500
San Francisco, CA 94108
415/989-0833

**Pattern Research**
P.O. Box 9845
Denver, CO 80209
303/778-0880

**Political Economy Research Center**
502 South 19th Street
Suite 211
Bozeman, MT 59715
406/587-9591

**Reason Foundation**
3415 S. Sepulveda Boulevard
Suite 400
Los Angeles, CA 90034
213/391-2245
(fax) 213/391-4395

**Rose Institute for State and Local Government**
Claremont McKenna College
Pitzer Hall
Claremont, CA 91711
714/621-8201

**Utah State University**
Institute of Political Economy
Political Science Department
Logan, UT 84322-0725
801/750-2064

**Washington Institute for Policy Studies**
223 105th Street NE
Suite 202
Bellevue, WA 98004
206/454-3057

**Washington Research Council**
906 South Columbia
Suite 350
Olympia, WA 98501
206/357-6643
(fax) 206/754-2193

**Wyoming Heritage Society**
139 West Second Street
Suite 2B
Casper, WY 82601
307/265-5462

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# MIDWEST REGION

**Center of the American Experiment**
45 South 7th Street
Minneapolis, MN 55402
612/338-3605
(fax) 612/338-3621

***Educational Freedom Foundation***
20 Parkland Avenue
Glendale, MO 63122

**The Heartland Institute**
634 South Wabash Avenue
Second Floor
Chicago, IL 60605
312/427-3060
(fax) 312/427-4642

**Heartland Institute in Illinois**
5326 North Winthrop
Chicago, IL 60640
312/334-6623
(fax) 312/275-6081

**Heartland Institute in Michigan**
645 Griswold
Suite 2525
Detroit, MI 48226-4202
313/393-1950

**Heartland Institute in Missouri**
15 West 10th Street
Suite 500
Kansas City, MO 64105
816/471-8152
(fax) 816/471-2553

**Heartland Institute in Ohio**
14805 Detroit Avenue
Cleveland, OH 44107
216/221-1233
(fax) 216/221-1060

**Heartland Institute in Wisconsin**
924 East Juneau Avenue
Suite 222
Milwaukee, WI 53202
414/347-1807
(fax) 414/347-1993

**Hillsdale College**
Hillsdale, MI 49242
517/437-7341

**Indiana Policy Review Foundation**
320 North Meridian
Suite 615
Indianapolis, IN 46204
317/236-7360
(fax) 317/236-7370

**Landmark Legal Foundation**
1006 Grand Avenue
15th Floor
Kansas City, MO 64106
816/474-6600

**Lincoln Legal Foundation**
100 West Monroe
Suite 1600
Chicago, IL 60603
312/606-0951

**The Mackinac Center**
119 Ashman Street
P.O. Box 568
Midland, MI 48640
517/631-0900

**The Mid-America Legal Foundation**
20 North Wacker Drive
Suite 2263
Chicago, IL 60606
312/263-5163

**The Philanthropic Roundtable**
320 North Meridian Street
Indianapolis, IN 46204-1725

**Public Interest Institute**
Iowa Wesleyan College
Mt. Pleasant, IA 52641
319/385-6359

**Rockford Institute**
934 Main Street
Rockford, IL 61103
815/964-5053

**Urban Policy Research Institute**
P.O. Box 3647
Dayton, OH 45401
513/848-7199

**Wisconsin Policy Research Institute**
3107 North Shephard Avenue
Milwaukee, WI 53211
414/963-0600

# SOUTH REGION

**The Adam Smith Institute**
305 Ninth Street SE
Washington, DC 20003
202/544-8071

**Advocates for Self-Government**
3955 Pleasantdale Road
Suite 106 A
Atlanta, GA 30340
404/417-1304

**Alabama Family Alliance**
P.O. Box 59692
Birmingham, AL 35259
205/870-9900

**American Legislative Exchange Council**
214 Massachusetts Avenue NE
Suite 400
Washington, DC 20002
202/547-4646

**American Studies Institute**
Harding University
Station A, Box 899
Searcy, AR 72143
800/477-4407

**The Atlas Economic Research Foundation**
4210 Roberts Road
Fairfax, VA 22032-1028
703/764-2606

**Capital Research Center**
1612 K Street NW
Suite 704
Washington, DC 20006
202/822-8666

**Cato Institute**
224 Second Street SE
Washington, DC 20003
202/546-0728

**The Center for Individual Rights**
2300 North Street NW
6th Floor
Washington, DC 20037
202/663-9041 or -9042

**Center for the Study of American Business**
Washington University
Campus Box 1208
One Brookings Drive
St. Louis, MO 63130-4899
314/935-5360

**Citizens Against Government Waste**
1301 Connecticut Avenue NW
Suite 400
Washington, DC 20036
202/467-5300
(fax) 202/467-4253

**Citizens for a Sound Economy**
470 L'Enfant Plaza East SW
Suite 7112
Washington, DC 20024
202/488-8200

**Citizens for the Environment**
470 L'Enfant Plaza SW
Suite 7112
Washington, DC 20024
202/488-7255

**Competitive Enterprise Institute**
233 Pennsylvania Avenue SE
Suite 200
Washington, DC 20003
202/547-1010

**Congressional Institute, Inc.**
316 Pennsylvania Avenue SE
Suite 403
Washington, DC 20003-1147
202/547-4600

**Consumers' Research, Inc.**
800 Maryland Avenue NE
Washington, DC 20002
202/546-1713

**The Educational Excellence Network**
1112 Sixteenth Street NW
Suite 500
Washington, DC 20036
202/785-2985

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# ContactsContactsContactsContactsContactsContactsContactsContacts

**Family Research Council**
700 Thirteenth Street NW
Suite 500
Washington, DC 20005
202/393-2100

**The Free Congress Research and Education Foundation**
717 Second Street NE
Washington, DC 20002
202/546-3000

**Free Market Foundation**
P.O. Box 741777
Dallas, TX 75374-1777
214/348-2801

**Georgia Public Policy Foundation**
2900 Chablee-Tucker Road
Building 6
Atlanta, GA 30341
404/455-7600

**The Heritage Foundation**
214 Massachusetts Avenue NE
Washington, DC 20002
202/546-4400

**Institute for Humane Studies**
*George Mason University*
4400 University Drive
Fairfax, VA 22030
703/323-1055

**Institute for Justice**
1001 Pennsylvania Avenue NW
Suite 200 - South
Washington, DC 20004-2505
202/457-4240

**Institute for Policy Innovation**
250 Stemmons
Suite 306
Lewisville, TX 75067
214/219-0811

**Law and Economics Center**
University of Miami
P.O. Box 248000
Coral Gables, FL 33124
305/284-6174

**The John Locke Foundation**
4020 Barrett Drive
Suite 105
Raleigh, NC 27619
919/787-8122

**The James Madison Institute for Public Policy Studies**
P.O. Box 13894
Tallahassee, FL 32317-3894
904/386-3131

**National Center for Policy Analysis**
12655 North Central Expressway
Suite 720
Dallas, TX 75243
214/386-NCPA (6272)

**National Center for Public Policy Research**
300 I Street NE
Suite 3
Washington, DC 20002
202/543-1286

**National Chamber Foundation**
1615 H Street NW
Washington, DC 20062
202/463-5552

**National Rifle Association of America**
1600 Rhode Island Avenue NW
Washington, DC 20036
202/828-6377

**National Taxpayers Union**
325 Pennsylvania Avenue SE
Washington, DC 20003
202/543-1300

**Sequoia Institute**
1800 K Street NW
Suite 929
Washington, DC 20006
202/467-0799

**South Carolina Policy Council**
1518 Washington Street
Columbia, SC 29201
803/779-5022

**Southwest Policy Institute**
3409-F South Wynn Drive
Edmond, OK 73013
405/348-3777

**Tax Foundation**
470 L'Enfant Plaza SW
Suite 7400
Washington, DC 20024
202/863-5454

**Texans for an Informed Public**
1716 Magnum Street
Suite 308
Houston, TX 77092
713/686-0400

**Texas Public Policy Foundation**
Suite 810
P.O Box 17447
San Antonio, TX 78217
512/829-7138

**Washington Legal Foundation**
1705 N Street NW
Washington, DC 20036
202/857-0240

## NORTHEAST REGION

**Atlantic Legal Foundation**
205 East 42nd Street
9th Floor
New York, NY 10017
212/573-1960

**The Commonwealth Foundation for Public Policy Alternatives**
600 North Second Street
Suite 300
Harrisburg, PA 17101
717/231-4850

**The Empire Foundation for Policy Research**
301 Hamilton Street
Robinson Square
Albany, NY 12210
518/432-4444

**The Foundation for Economic Education**
Irvington-on-Hudson, NY 10533
914/591-7230

**Institute for American Values**
1841 Broadway
Suite 211
New York, NY 10023
212/246-3942

***The Institute on Religion and Public Life***
156 Fifth Avenue
Suite 400
New York, NY 10010
212/627-1985

**Manhattan Institute**
52 Vanderbilt Avenue
New York, NY 10017
212/599-7000

**The New England Center for Political Studies and Research**
47 Tumbleweed Road
Springfield, MA 01109-1535
413/788-8789

**New England Legal Foundation**
55 Union Street
Boston, MA 02108
617/367-0174

**New Jersey Citizens for a Sound Economy**
P.O. Box 339
Lambertville, NJ 08530
609/397-5900

**Pennsylvania Family Institute**
P.O. Box 220
Harrisburg, PA 17108
717/236-2212

**Pioneer Institute**
21 Custom House Street
Suite 801
Boston, MA 02110
617/261-9755
(fax) 617/261-1863

**The Pragmatist**
P.O. Box 392
Forest Grove, PA 18922

**Public Affairs Research Institute of New Jersey**
212 Carnegie Center
Suite 100
Princeton, NJ 08540-6212
609/452-0220

**Yankee Institute**
117 New London Turnpike
Glastonbury, CT 06033
203/847-6697

© 1992 The Heartland Institute

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

# FaxBallot

## What do you think of this new magazine?

*Intellectual Ammunition* is a new magazine designed to give busy professionals access to the best research available on state and local public policy issues. How good a job are we doing? How can we improve the next issue? Let us know by completing this form.

1. How many minutes did you spend reading this issue? ☐ Fewer than 5 ☐ 5 to 15 ☐ 15 to 30 ☐ More than 30

2. Did you get useful information from it? ☐ Yes, a lot ☐ Yes, some ☐ Only a little ☐ None at all

3. Did you (or will you) share this copy with anyone else? ☐ No ☐ Yes (How many? _____ )

4. Will you keep this issue for future reference? ☐ No ☐ Yes

5. Which were your most and least favorite features? Rank from 1 (most favorite) to 7 (least favorite).

   ☐ Potshots (page 1)
   ☐ Fives Myths About the Environment
   ☐ For Your Newsletter (page 3)
   ☐ Organizations (page 4)
   ☐ Focus On... (pages 5-8)
   ☐ Research Reports (pages 9-19)
   ☐ Contacts (pages 28-31)

6. What new features would you like to see in future issues? _____

   _____

7. Were you familiar with The Heartland Institute before you received this magazine?

   ☐ Yes, very familiar ☐ Yes, somewhat familiar ☐ No, not familiar

8. What is your position? ☐ State Rep. ☐ State Senator ☐ Aide/Assistant ☐ Other _____

9. To what political party do you belong?

   ☐ Democratic ☐ Republican ☐ Libertarian ☐ Independent ☐ Other _____

10. Other comments: (Can we quote you in future promotional efforts? ☐ Yes ☐ No )

    _____

    _____

**Optional:**

Name _____

Phone _____

**FAX TO**
**312/427-3060**

Or mail to The Heartland Institute. Your answers are completely anonymous. Please respond by October 1.

**The Heartland Institute**
634 South Wabash, 2nd Floor
Chicago, IL 60605

Non-profit organization
U.S. POSTAGE
PAID
CHICAGO, ILL.
Permit No. 4826

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED